CITY OF TORONTO

2008 BUDGET SUMMARY

TABLE OF CONTENTS

CITY PROGRAM BUDGET SUMMARIES

Accountability Offices

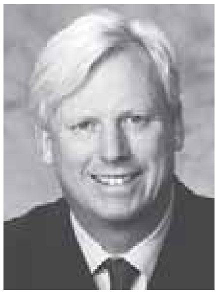
Corporate Accounts

Agencies, Boards and Commissions

Non-Levy Operations

Appendix

A MESSAGE FROM TORONTO MAYOR DAVID MILLER



With the 2008 budget, Toronto has turned the corner towards fiscal sustainability. For more than a decade, Toronto has struggled to succeed because of the provincial downloading of social services and public transit, a funding structure that relied solely on property taxes and an inability to access to revenues that grow with the economy, like one cent of the GST. We've had to work hard to protect services while keeping up with incredible growth.

Since 2003, we have taken significant steps to put Toronto on strong financial footing. We launched the New Deal for Cities with the Big City Mayors Caucus, secured dedicated Gas Tax funding from the provincial and federal governments and negotiated a new City of Toronto Act.

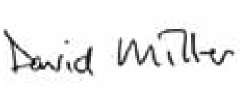
We are at the table with the Ontario government to address issues associated with the download of social services through the Provincial–Municipal Fiscal Service Delivery Review. We expect a report this summer, but we have already had some success, as the province began to upload the cost of the Ontario Drug Benefit and the Ontario Disability Support Program in 2008.

City Council made the difficult decision to implement two new taxes in 2008 to support city services and demonstrate that Toronto was doing its part. I'm pleased to say that these actions allowed the City of Toronto to introduce the first staff-recommended balanced budget since amalgamation. They also led international bond rating agency Standard and Poor's to upgrade Toronto's AA credit rating from "stable" to "positive."

With this balanced budget, City Council was able to make important investments in the priorities of Torontonians like climate change, transit, planning, culture and economic development like:

- Implementing Toronto's world-leading climate change strategy, including the Live Green Toronto program, which will empower neighbourhoods across the city make a real difference.
- Providing enhanced funding for the incredibly popular Nuit Blanche art event, which had about 700,000 people in attendance in 2007
- Improving service and cleanliness on the TTC with more buses, more cleaners and more maintenance staff.
- Implementing our strategy for 70 per cent of our solid waste by 2010, including bringing the green bin to condos and apartment buildings and creating new re-use centres.
- Improving our planning department with new front-line community planners.
- Supporting new economic development strategies for the green manufacturing and financial services sectors
- Increased funding for the city's community grants programs, supporting front-line community organizations in neighbourhoods across the city.

It is my hope that this budget will serve as a preview of future budgets. With the provincial commitment to upload social services and new tax revenues, the City of Toronto is in better financial shape than it has been in a decade. This budget is historic for the City of Toronto on many levels and an important indication of how we are building our great city together – a city that is prosperous, livable, and with opportunity for all.



David Miller, Mayor
City of Toronto

A MESSAGE FROM THE CITY MANAGER

It is my pleasure to present the City of Toronto's 2008 Budget Summary Book which provides Toronto's 2.6 million residents with detailed information on the City's Capital and Operating Budgets.

Last December, City Council approved the 2008 Capital Budget of $1.6 billion as part of a five-year capital plan. Nearly two-thirds of this spending goes towards keeping Toronto's aging infrastructure in a state of good repair. Capital funding for the Toronto Transit Commission and the City's roads and bridges makes up 63 per cent of the total budget.

The approval in March for this year's $8.2 billion Operating Budget marked a turning point for Toronto in that it was the first time since amalgamation that staff introduced a balanced budget to City Council. This budget was balanced due to a number of important strategies including savings from continuous improvement initiatives, new taxation revenues, increases in property taxes, a phased uploading of programs to the Province, as well as one-time funding for transit.

The budget protects existing services and contains important new investments in the City's highest priorities. New and enhanced services include:

- Providing improved public transit through the Ridership Growth Strategy which will see 100 new buses on the road
- Delivering on the vision for a new waterfront with plans to open new parkland and facilities this year
- Investing in communities and keeping a safe City safer by providing funding to the Community Partnership Investment Program
- Increased support for the successful Streets to Homes initiative to help people living on the street find and keep permanent housing

Toronto continues to be an economic engine for Ontario and Canada and contributes $10 billion more in taxes than is reinvested here. Of all the taxes paid in the City, only six cents of every dollar goes toward funding the City. Toronto and all municipalities need stable and predictable funding that grows with the economy such as One Cent of the GST.

Despite these challenges, the City continues to deliver high quality programs and services that contribute to Toronto's high standard of living. Standard and Poor's has upgraded the City of Toronto credit rating outlook, has ranked Toronto as one of the top 10 economic centres in the world and recognized the City's efforts to build a culture of continuous improvement.

The City continues to operate efficiently and compares favourably to other municipalities in the delivery of services. Of the eighty-seven performance measurement results of efficiency, customer service and community impact included in Toronto's 2006 Performance Measurement and Benchmarking Report, 73 per cent of the measures examined had 2006 results that were either improved or stable relative to 2005.

Increased accountability and oversight mechanisms have also been implemented including the Auditor General, Lobbyist Registry, and the Integrity Commissioner. We are in the process of hiring an Ombudsperson to represent members of the public.

All of these measures ensure that Toronto remains a highly prosperous, competitive and liveable City. Of course, none of this would be possible without the contributions and commitment to excellence by the City's Toronto Public Service. I extend my sincerest appreciation for all of their efforts and look towards even greater success in the year to come.

Shirley Hoy
City Manager

EXECUTIVE SUMMARY

TORONTO'S 2008 – 2012 CAPITAL BUDGET AND PLAN

The 2008 Capital Budget and 2009 – 2012 Capital Plan builds on the foundation established in the 2007 – 2011 Council Approved Capital Budget and Plan. The Capital Budget and Plan invests in capital projects that fulfil Council's strategic priorities, and maintain the City's existing infrastructure and physical assets in a state of good repair. Over the five years 2008 – 2012, capital spending totals $8.491 billion (including Toronto Parking Authority of $136.196 million) of which $6.437 billion or 77% is allocated to health and safety, legislated and state of good repair projects. While emphasis has been placed on maintaining and protecting the City's infrastructure and physical assets, the capital budget and plan also provides for growth in strategic areas and priority service expansion projects in key Program areas to accommodate service demands and expectations of the public.

The Approved Tax Supported 2008 Capital Budget and 2009 – Staff report for action on 2007 Capital Budget and 2008 – 2010 Capital Plan 2 2012 Capital Plan totals $8.354 billion (excluding 2007 carry forward projects) as shown in Table 1. TTC alone accounts for more than one-half of the five-year capital spending plan. As indicated in Table 1 below, the TTC 2008 Capital Budget and 2009 – 2012 Capital Plan (inclusive of Spadina Subway extension) is $4.347 billion – 52% of the City's recommended capital spending plan; and Transportation Services totals $1.132 billion or 14% of the total capital spending plan. Between them, TTC and Transportation Services comprise two-thirds of the Capital Budget and Plan.

What's in the 2008 Capital Budget – Project Category Highlights

The 2008 Capital Budget is listed under key themes, to satisfy the current and long term needs of the city as follows.

Public Spaces
- The City is investing in public spaces that are developed and maintained, clean and beautiful for the general community.

Environment
- City Council has recognized the need for improved environmental stewardship while achieving the City's infrastructure maintenance and development objectives.

Improve Public Service
- To provide residents with direct and simple access to City staff and services.

Community and Recreation Services
- The City offers programs and services that improve the quality of life of all its citizens and ensures opportunity for all.

Public Works and Infrastructure
- The City has an extensive and aging infrastructure which has to be managed effectively to ensure that the services required by its citizens continue to be provided.

Public Safety and Emergency Services
- Quality and effective emergency services and public safety constitute a major demand of the citizens of Toronto.

Transit
- A major priority of Council is to make Toronto a city that moves people by transit.

EXECUTIVE SUMMARY

2008 OPERATING BUDGET

The 2008 Operating Gross Expenditure Budget is $8.171 billion and is funded primarily by Property Taxes (the net budget) totalling $3.315 billion. Compared to 2007, the 2008 Recommended Gross Budget reflects an increase of $311.064 million or 4.0%. The budget includes strategic investments in new and enhanced services of $57.153 million gross and $12.385 million net including public transit, waste diversion, public safety, community health and wellness, economic development and culture, and climate change.

In accordance with the Mayor's guidelines and directions, the 2008 Operating Budget continues the strategic process of balancing short-term needs against long-term objectives. For the first time since amalgamation, the 2008 Operating Budget was balanced when introduced by staff on January 28, 2008. This significant achievement was the culmination of Council's decision to introduce a municipal land transfer tax (MLTT) and a vehicle ownership tax (VOT) in the Fall of 2007; moderate increases in user fees without impairing access to services for the less privileged; savings from cost containment initiatives implemented in 2007 which will be continued in 2008; and successful negotiations for increased provincial assistance for public transit, in particular. The 2008 Operating Budget maintains services and service levels needed by residents and businesses.

2008 Operating Budget – Highlights

Despite the emphasis on cost containment and fiscal restraint in order to find permanent solutions for the structural deficit, limited and strategic investments in key initiatives that advance the Mayor's priorities and Council's policy agenda have been considered. The following highlights (by major themes) new and enhanced services and initiatives included in the 2008 Operating Budget which total $57.153 million gross, and $12.385 million net.

- Public Transit
- 70% Waste Diversion Target by 2010
- Climate Change
- Public Spaces
- Creative City
- Community Health and Wellness
- Public Safety and Security
- Improving the Business Climate

2009 OUTLOOK

Included in the 2008 Operating Budget is a number of items which will impact the estimated cost of providing the same level of services in future years. For instance, initiatives approved for part-year implementation in 2008 (for example, transit ridership growth strategy) will result in increased costs when the full-year financial impact is incorporated in future years. Similarly, unsustainable (non-recurring) revenues used as funding sources in the operating budget will result in budgetary pressures in future years when these revenue sources are no longer available.

EXECUTIVE SUMMARY

Expenditure increases to deliver the 2008 Council approved services and service levels in 2009 are primarily driven by inflation and cost of living allowances. It is estimated that inflation on goods and services, COLA, merit and step increases will approximate $147 million, annualization of new and enhanced services and other initiatives introduced in the 2008 Operating Budget will increase 2009 costs by $74.9 million. In addition, it is estimated that capital financing will increase by $46.9 million based on Council's approval of the 2008-2012 Capital Plan. The incremental cost of providing the 2008 approved services and service levels in 2009 is estimated at $268.8 million, which is the 2009 beginning budget pressure.

It is estimated that incremental revenues associated with the annualization of the Municipal Land Transfer Tax and the Vehicle Ownership Tax will generate an additional $50 million of sustainable revenues; while projected increase TTC Ridership Revenues will result in incremental sustainable revenue of $15.3 million, which will partially offset ridership growth expenditures. The Province has committed to upload the ODSP cost of administration which will reduce expenditures by $20 million. The resulting 2009 Operating Pressure before the impact of unsustainable revenues is $183.5 million.

Non-recurring revenues in the 2008 Operating Budget include: Provincial assistance for TTC of $149 million; unsustainable City revenues such as Social Programs' reserve draws of $37.5 million; and, the 2007 Surplus of $85.3 million used as a revenue source in the 2008 Operating Budget. These non recurring revenues total $271.8 million.

Thus, a number of one-time revenues will require permanent replacement in order to minimize the 2009 budget pressures. While the City's budgetary policies and good fiscal management practices preclude the use of one-time revenues in the operating budget, this was again necessary in 2008 because of the ongoing structural deficit problem. In effect, the non-recurring revenues will increase the beginning 2009 budget pressure to $455.3 million.

It should be noted that these non-recurring revenue impacts assumes continued utilization of Toronto Hydro Revenues which, according to Council policy, should be used to finance the capital program

2009 and Beyond Implementation of the Long Term Fiscal Strategy Given a starting budget pressure of $455.3 million, it is evident that implementation of the City's long-term financial strategies is required in 2009 and beyond in order to achieve fiscal sustainability.

2009 Outlook – Incremental Impacts

The City continues cost control measures and has introduced new taxation measures in moving toward fiscal sustainability. Some progress has been made with regards to uploading Social Services Programs and gaining recognition for increased transit operating funding. It is anticipated that the City's efforts to obtain fairer funding for provincially mandated services will be addressed in the Provincial/Municipal Fiscal and Service Delivery Review currently underway. Favourable resolution of the provincially mandated social services programs and the operating funding imbalance must resolve the prevailing fiscal deficit challenge for the City of Toronto in the short term.

In the longer term, to ensure growth and prosperity for the City of Toronto, we require a sharing of revenues that grow with the economy and the confirmation of a National Transit Strategy to meet strategic financing objectives.

INTRODUCTION

CITY OF TORONTO
2008 BUDGET SUMMARY

PROFILE OF TORONTO

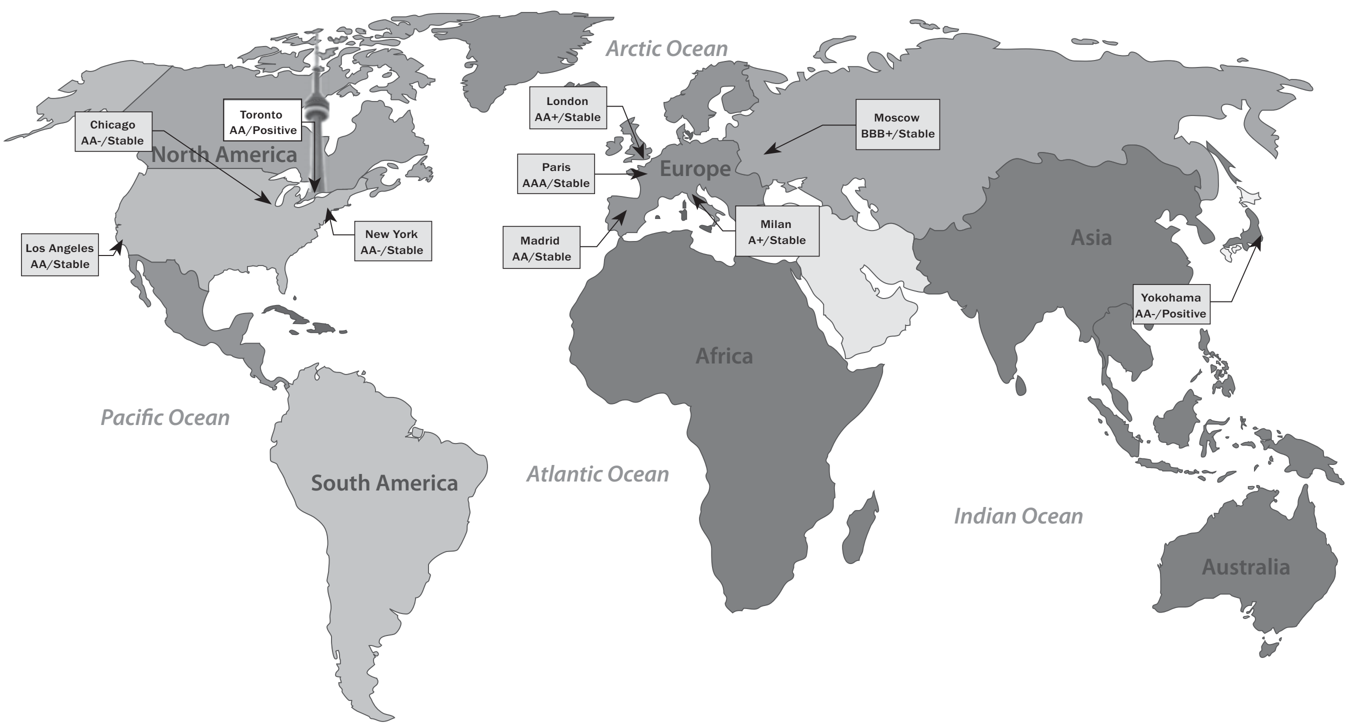
Toronto in World Rankings

"Toronto's continued placement alongside the world's greatest cities confirms that the quality of life we enjoy is highly sought after and serves as a model for other urban centers." – Mayor David Miller

- **One of the World's Top Ten Economic Centres**
  Standard & Poor's 2007 Industry Report Card

  Toronto's role as a major economic hub in Canada, its depth of services, and deep and well-diversified economy has earned the city top marks. Toronto joins Chicago, London, Los Angeles, Madrid, Milan, Moscow, New York City, Paris and Yokohama on the list of over 15,000 local, state, and regional governments in the United States, and more than 340 others in 27 countries.

  Criteria for selection include:
  - economic importance of the countries in which they are located (all of which are G8 members)
  - their role as the major economic centre(s) in their respective country
  - the depth of services that each city provides economically to its provided to respective service area and to the country as a whole
  - their size – all selected cities have a population of more than one million



A PROFILE OF TORONTO

- **2nd in the North American Cities of the Future 2007/2008 Competition**
  London Financial Times' Foreign Direct Investment (fDi), April 2007

  Toronto was rated for its good affordable housing, low crime rates, strong health and education sectors, and falling unemployment rates. One hundred and eight cities were evaluated on economic potential, cost effectiveness, human resources, quality of life, infrastructure, business friendliness, development and investment promotion.

- **15th in the Worldwide Quality of Living Survey**
  Mercer Human Resources Consulting, April 2007

  For the second year in a row, Toronto's quality of living was ranked fifteenth in the world by Mercer Human Resource Consulting. The 2007 Quality of Living Survey also placed Toronto second in North America, after Vancouver. Two hundred and fifteen cities were evaluated and 50 cities were selected based on 39 quality of living criteria, including political, social, economic and environmental factors, safety, public services and transportation, and recreation.

- **2nd in Business Competitiveness and Readiness Study**
  Cities of Opportunity: Business–readiness indicators for the 21st Century, PricewaterhouseCoopers, March 2007

  The ranking compiled by the Partnership for New York City and PricewaterhouseCoopers compared 11 cities – Atlanta, Chicago, Frankfurt, London, Los Angeles, New York, Paris, Shanghai, Singapore, Tokyo and Toronto – based on cost, intellectual capital, technology IQ and innovation, transportation assets, demographic advantages, financial clout, ease of doing business, lifestyle assets, and safety and security.

- **5th in the World for Liveability**
  The Economist Intelligence Unit, Economist Magazine, December 2006

  The Economist Intelligence Unit (the Economist Magazine) ranked Toronto fifth in the world for liveability. The December 2006 study surveyed 132 cities. Low crime, little threat from instability or terrorism, and a highly developed transport and communications infrastructure helped Toronto make the top five most liveable cities in the world.

- **2nd Best Canadian City in which to live**
  The Conference Board of Canada, December 2007

  The study, *"City Magnets: Benchmarking the Attractiveness of Canada's CMAs,"* compares the performance of 27 Canadian cities in seven different domains: Economy, Innovation, Environment, Education, Health, Society, and Housing. Each census metropolitan area (CMA) is given a report–card style ranking on each indicator, and an overall grade on attractiveness.

A PROFILE OF TORONTO

The City of Toronto is Canada's largest city with a population of 2.6 million residents. It is the heart of a large urban agglomeration of 5.7 million called the Greater Toronto Area (GTA)[1]. The City has one of the most ethnically diverse populations in North America. Almost one in four visible minority persons in Canada resides in Toronto. Nearly half of the City's population (47%) is visible minorities.

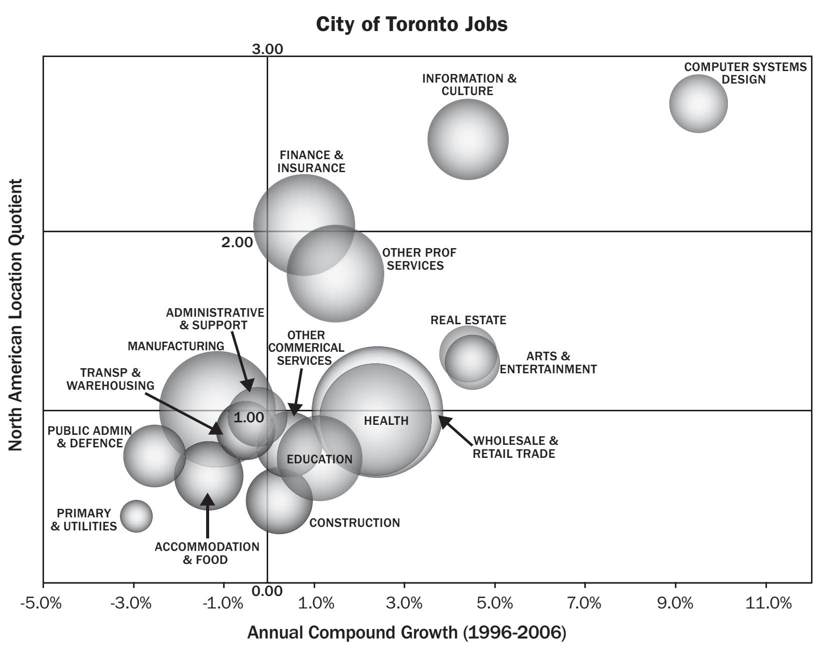
Toronto, with 82,000 businesses, is the major economic engine of the country. The City is both the political capital of the Province of Ontario and the corporate capital of Canada as well as the major centre for culture, entertainment and finance in the country. The City is the home to more national and internationally ranked companies than any other city in Canada.

The GTA is one of the most diverse economies in North America, characterized by highly specialized knowledge–based jobs. An estimated $267 billion of goods and services (GDP 2007) are produced in the Toronto Census Metropolitan Area (CMA1). The City of Toronto accounts for half of this total (2007: $133 billion).

Key Employment Sectors:

The following graphic recognizes the diverse nature of the City of Toronto's economy while providing some useful insights into the City's key employment sectors. The area of a sector bubble represents employment size. The horizontal position of a sector bubble on the graphic denotes industry growth rate. The vertical position on the graph denotes the concentration of the sector's employment within the City relative to other major cities in North America. Therefore upper right quadrant bubbles represent sectors with particular strength in Toronto while bottom left quadrant bubbles represent sectors that are stagnant or potentially on the decline.

From the graph it is noted that Wholesale and Retail Trade, Manufacturing, Health and Financial Services are the largest sectors in terms of employment. High growth industries include Computer System Design, Information and Culture, Real Estate and Arts and Entertainment. Finally Computer System Design, Financial Services and Information and Culture are sectors that have high concentrations of employment in Toronto in comparison to other North American cities.



[1]Greater Toronto Area (GTA) refers to the City of Toronto plus the surrounding regions of Durham, York, Peel and Halton which include four upper tier and 24 lower tier municipalities.

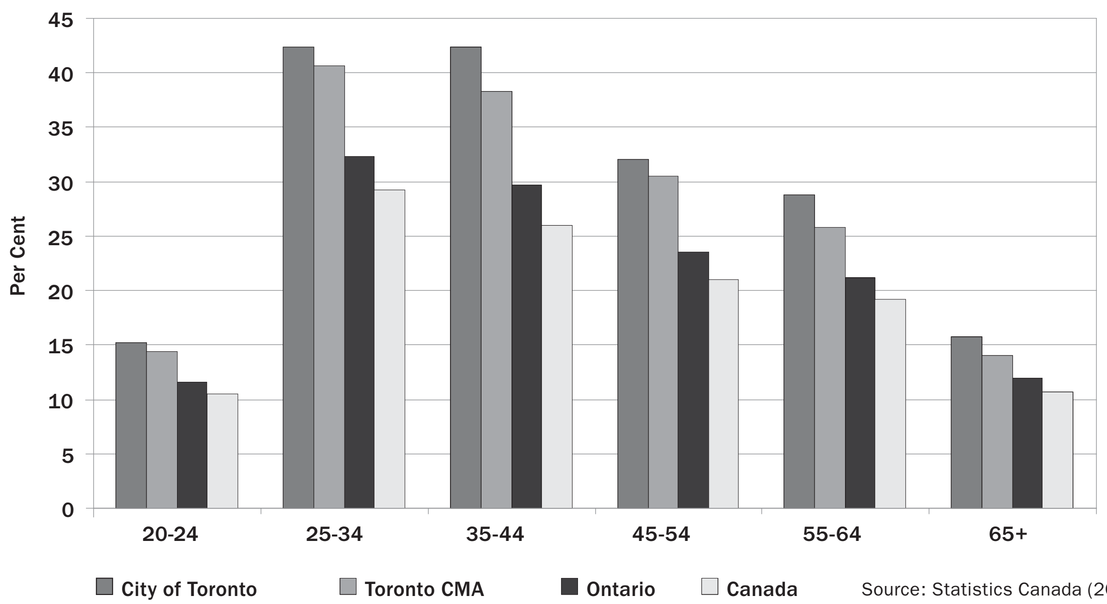
As part of the health sector, the biomedical and biotechnology cluster in Toronto is the fourth largest in North America. The Discovery District is a downtown research park with 7 million sq. ft. of facilities – Canada's largest concentration of research institutes, business incubators and business support services. The Medical and Related Sciences (MaRS) project, a new Faculty of Pharmacy at the University of Toronto, and the Centre for Cellular and Biomolecular Research (CCBR) help give the Discovery District its name.

The information and culture sector is one of the fastest growing sectors in the City. Toronto has undergone a 'cultural renaissance' with the unprecedented building and architectural transformation of close to a dozen major arts and cultural institutions, including the Michael Lee–Chin Crystal (expansions to the Royal Ontario Museum), the Art Gallery of Ontario, the new home of the Toronto International Film Festival and the Four Seasons Centre for the Performing Arts, which is the new home of the National Ballet of Canada and the Canadian Opera Company.

Workforce:

Toronto has a large educated, skilled and multilingual workforce. Toronto is the home to four universities (University of Toronto, York University, Ryerson University, and Ontario College of Art and Design), and four community colleges (Centennial, Seneca, Humber and George Brown). In fact, it has the most educated workforce in North America. Close to 60% of workers have post–secondary degrees, diplomas or certificates.

University Graduates by Age



Source: Statistics Canada (2006)

With an estimated 1.3 million people working in the City of Toronto, it continues to be a net importer of labour from the surrounding regions. However the surrounding regions are changing rapidly in that they are experiencing growth in manufacturing and other types of employment and thus transforming themselves from residential suburbs to employment destinations. The rest of the GTA has now also become a net importer of labour both from the City and surrounding regions.

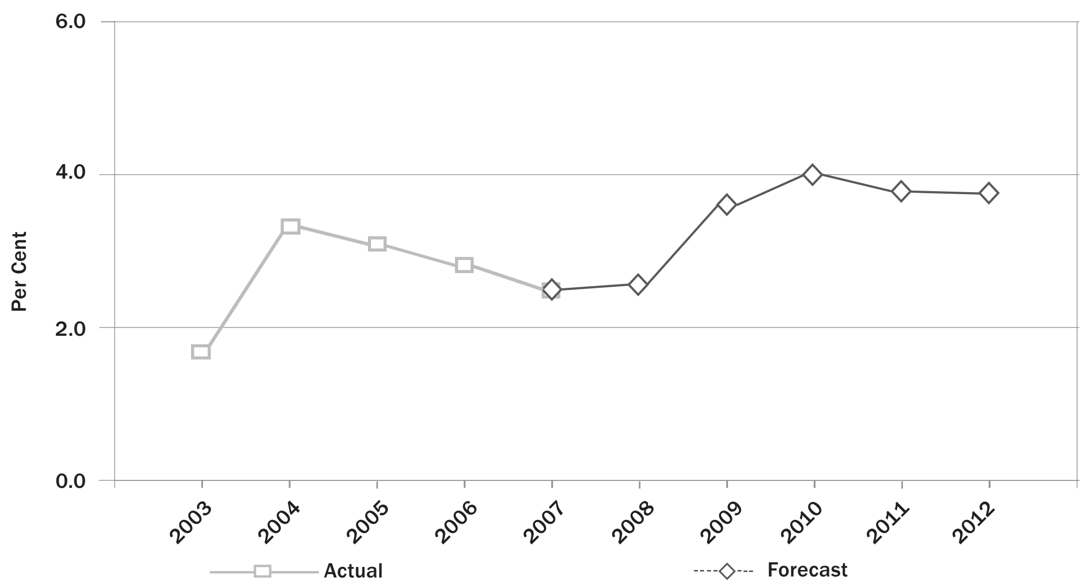
A PROFILE OF TORONTO

Economic Growth:

The impact of the strengthening Canadian dollar on industries sensitive to foreign trade, especially manufacturing and tourism, has moderated overall economic growth in the Toronto region since 2001. Output in the transportation, storage and communications sector and the commercial services sector has been modest as compared with the vigorous growth in the wholesale and retail trade sector. The financial services sector has also grown at a steady pace. On the other hand, the manufacturing sector has struggled with plant closings and job cuts. In the construction sector, housing starts have held up relatively well compared to the United States but have started to drop-off more recently.

Non-residential investment activity is expected to stay healthy due in part to low office vacancy rates. Three major new office towers are under construction downtown – the RBC Centre, the Bay-Adelaide Centre and the Telus tower. The economy of the Toronto CMA expanded by 2.5% in 2007, and is forecasted by the Conference Board of Canada to grow by the same rate in 2008. The region's economy is forecast to grow at an average annual rate of 3.8% from 2009 to 2012.

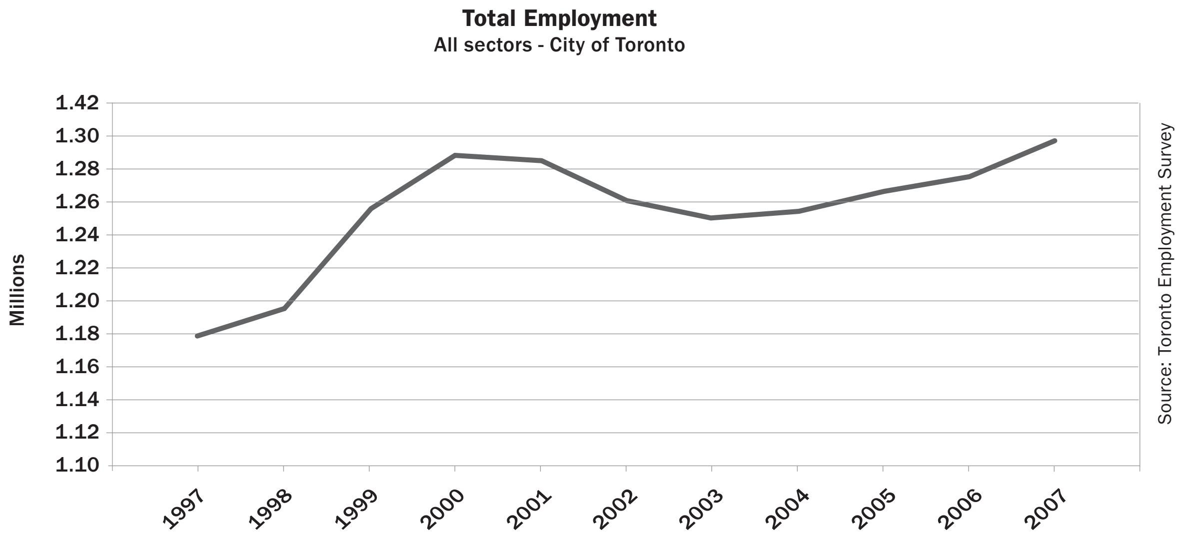
GDP Growth Rate
Toronto CMA



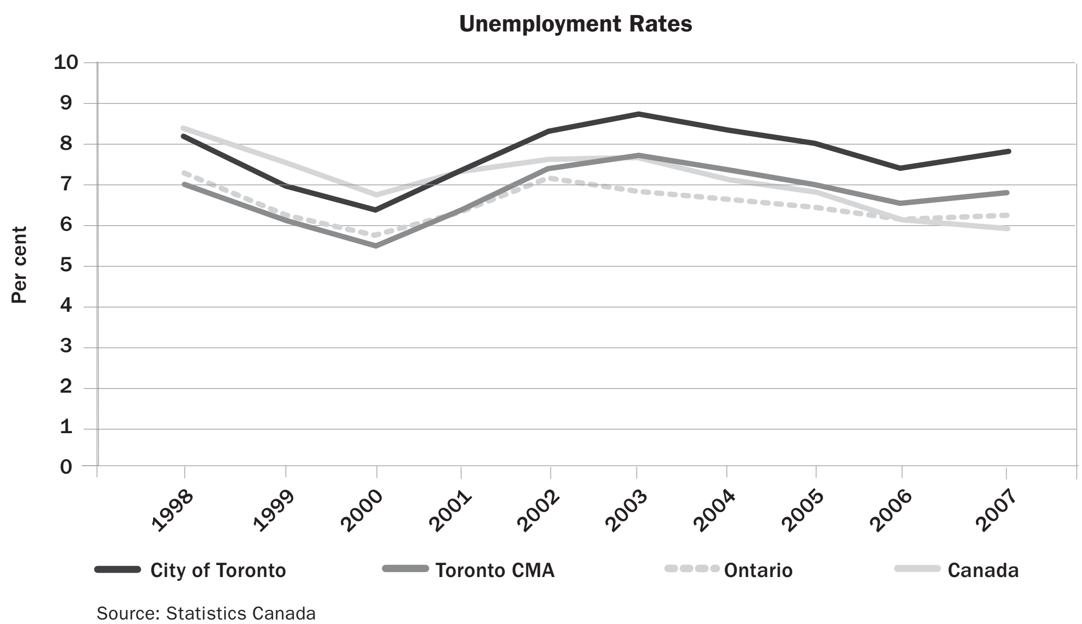
Source: Conference Board of Canada — Metropolitan Outlook — Spring 2008

Employment:

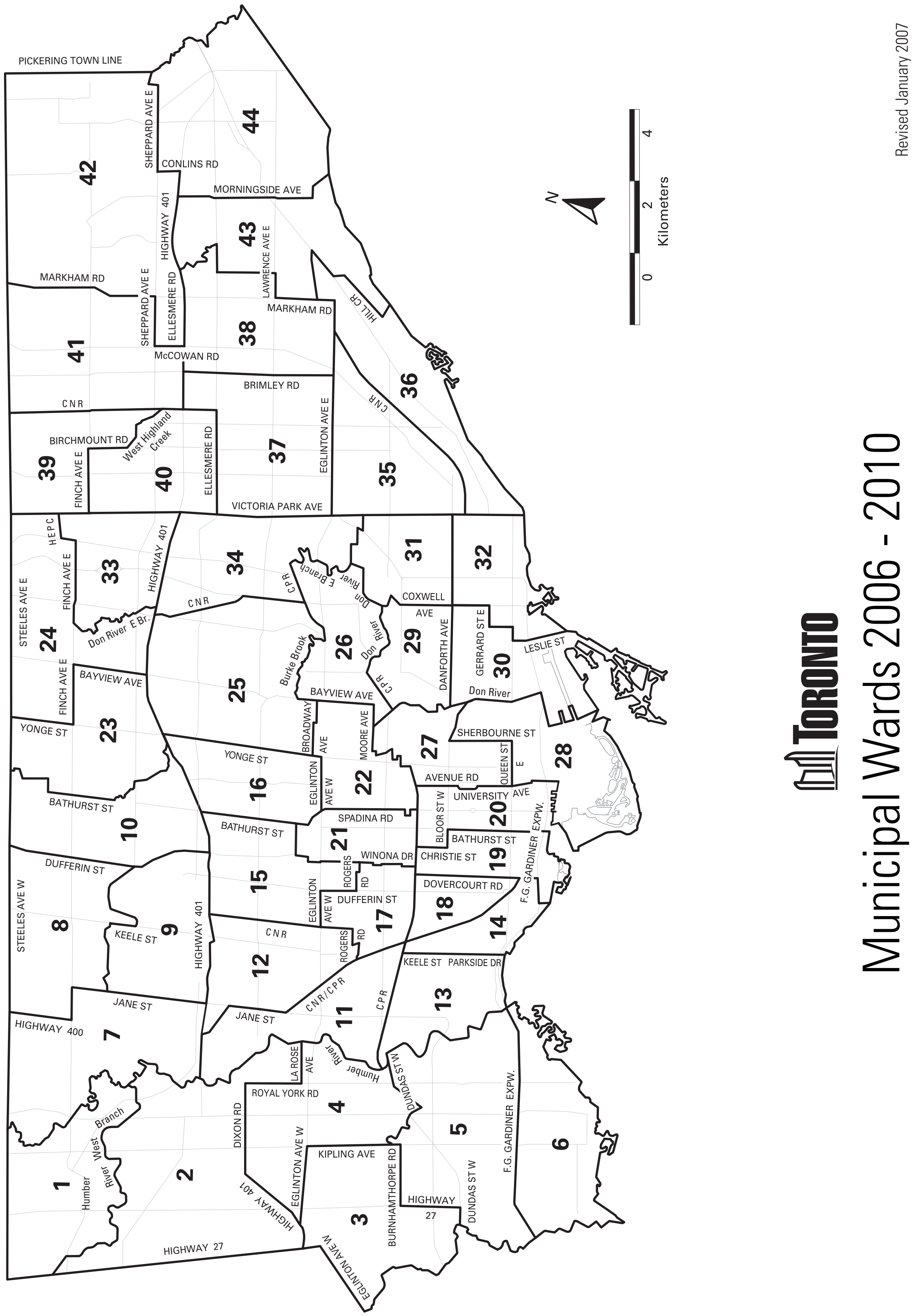
One of the key indicators of economic strength is employment. From 1996 to 2000, the City's employment recorded strong growth. Total employment in manufacturing jobs expanded faster than all employment, as vacant industrial buildings in the City were quickly filled up. Within the Greater Toronto Area, the economic growth of the City has been lagging behind the rest of the region, particularly between 2000 and 2003 when employment in the City declined, with the majority of job losses in manufacturing, construction, transportation and warehousing as well as business services. Since 2003 the City's economy has bounced back with a services – based recovery, particularly in downtown Toronto (+35,000 jobs) and North York (+5,100 jobs) areas. Gains in the service sector have more than offset employment losses in the manufacturing sector, which has been negatively impacted by the strong Canadian dollar and high energy costs in recent years.



In the last ten years, Toronto's annual unemployment rates ranged between 6.5% and 8.7%. Starting at 8.2% in 1998, the unemployment rate came down to 6.5% in 2000 (a low level not seen since the early 1990's) while the economic condition improved. Then with the information technology "bubble burst", unemployment rate moved up and reached a decade high of 8.7% in 2003, but has since enjoyed three years of declining unemployment due to improved economic condition between 2003 and 2006. In 2007 unemployment edged slightly upward to 7.9%. In the latter months of 2007, Toronto's unemployment rate reversed direction and has since moved to below 7% in the early months of 2008.



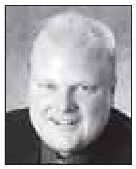
MAP OF ELECTORAL WARDS



TORONTO CITY COUNCIL

Mayor David Miller

Ward 1
Suzan Hall



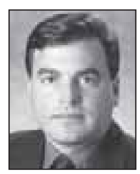
Ward 2
Rob Ford

Ward 3
Doug Holyday

Ward 4
Gloria Lindsay Luby

Ward 5
Peter Milczyn

Ward 6
Mark Grimes



Ward 7
Giorgio Mammoliti

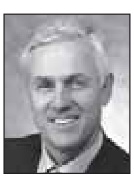
Ward 8
Anthony Perruzza

Ward 9
Maria Augimeri

Ward 10
Michael Feldman

Ward 11
Frances Nunziata

Ward 12
Frank Di Giorgio

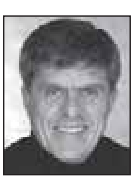


Ward 13
Bill Saundercook

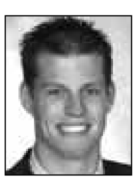
Ward 14
Gord Perks

Ward 15
Howard Moscoe

Ward 16
Karen Stintz



Ward 17
Cesar Palacio

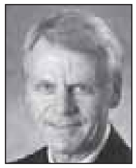


Ward 18
Adam Giambrone

Ward 19
Joe Pantalone

Ward 20
Adam Vaughan


Ward 21
Joe Mihevc


Ward 22
Michael Walker


Ward 23
John Filion


Ward 24
David Shiner


Ward 25
Clifford Jenkins


Ward 26
John Parker


Ward 27
Kyle Rae


Ward 28
Pam McConnell


Ward 29
Case Ootes


Ward 30
Paula Fletcher

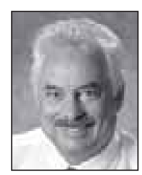

Ward 31
Janet Davis


Ward 32
Sandra Bussin


Ward 33
Shelley Carroll


Ward 34
Denzil Minnan-Wong

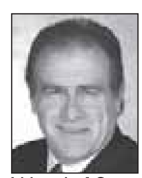

Ward 35
Adrian Heaps


Ward 36
Brian Ashton


Ward 37
Michael Thompson

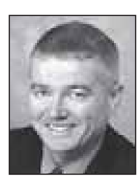

Ward 38
Glenn De Baeremaeker

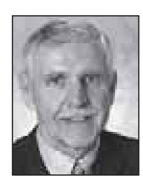

Ward 39
Mike Del Grande


Ward 40
Norman Kelly

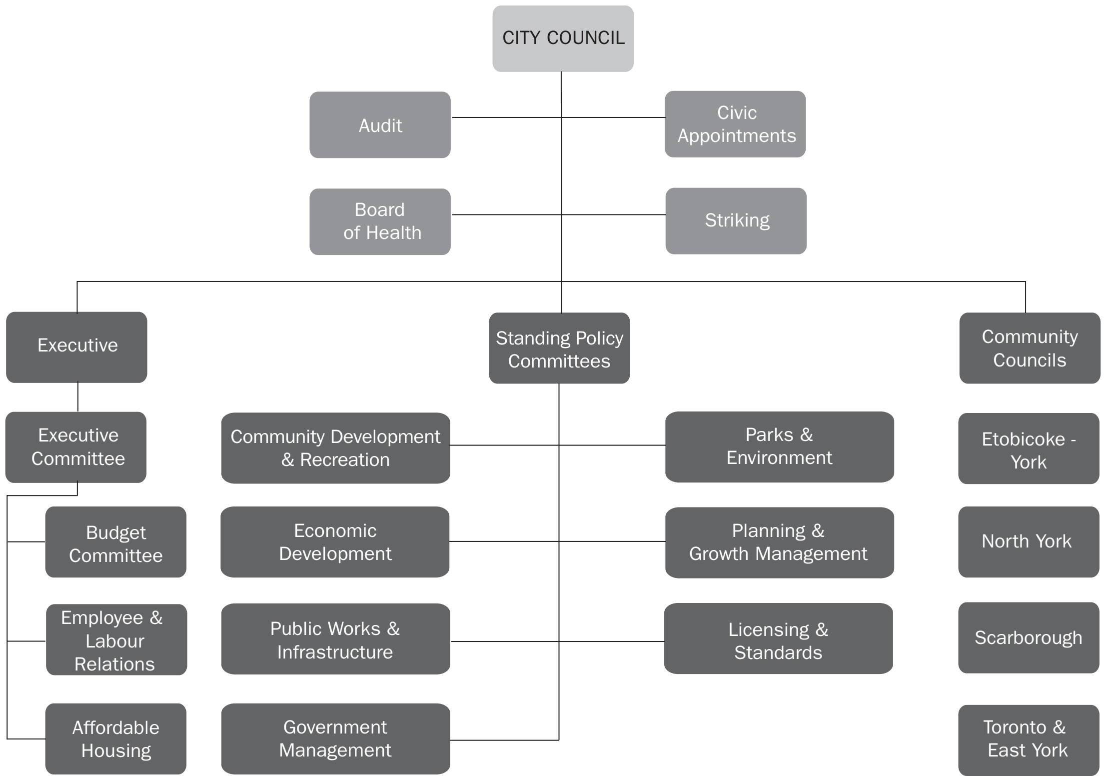

Ward 41
Chin Lee


Ward 42
Raymond Cho


Ward 43
Paul Ainslie


Ward 44
Ron Moeser

COUNCIL-COMMITTEE STRUCTURE AND MANDATES



2006-2010 EXECUTIVE COMMITTEE AND STANDING COMMITTEE MANDATES

EXECUTIVE COMMITTEE:

The Executive Committee's mandate is to monitor and make Recommendations on the priorities, plans, international and intergovernmental relations, and the financial integrity of the City.

The responsibilities of the Executive Committee include:

(1) Council's strategic policy and priorities in setting the agenda;
(2) Governance policy and structure;
(3) Financial planning and budgeting;
(4) Fiscal policy including revenue and tax policies;
(5) Intergovernmental and international relations;
(6) Council and its operations; and
(7) Human resources and labour relations.

The Executive Committee makes recommendations or refers to another committee any matter not within the Standing Committee's mandate or that relates to more than one Standing Committee.

STANDING COMMITTEES

The standing committees are organized along seven broad policy areas:

Economic Development Committee – will focus on the economy and undertake work to strengthen Toronto's economy and investment climate

Community Development and Recreation Committee – will focus on social inclusion and undertake work to strengthen services to communities and neighbourhoods.

Public Works and Infrastructure Committee – will focus on infrastructure and undertake work to deliver and maintain Toronto's infrastructure needs and services

Planning and Growth Management Committee – will focus on the urban form and undertake work related to good city planning and sustainable growth and development

Licensing and Standards Committee – will focus on consumer safety and protection and undertake work related to licensing of businesses and enforcement of property standards

Parks and Environment Committee – will focus on the natural environment and undertake work to ensure the sustainable us of Toronto's natural environment

Government Management Committee – will focus on government assets and resources and undertake work related to the administrative operations of the City

Note: Reference should be made to the Municipal Code – Chapter 27, Council Procedures, for the specific responsibilities of each committee.

CITY ADMINISTRATIVE STRUCTURE

Note: The Auditor General, Integrity Commissioner and Lobbyist Registrar report directly to City Council.

Note: The City Clerk and Solicitor report to City Council for statutory purposes and to the City Manager for administrative purposes.

Administrative Structure
Last updated May 2, 2008

- **CITY COUNCIL**
  - **Auditor General** – Jeffrey Griffiths
  - **Integrity Commissioner** – David Mullan
  - **Lobbyist Registrar** – Marilyn Abraham
  - **City Clerk's Office** – Ulli S. Watkiss, City Clerk
  - **Legal Services** – Anna Kinastowski, City Solicitor
  - **City Manager** – Shirley Hoy
    - **Executive Management** – Joan Taylor, Acting Director
    - **Strategic & Corporate Policy** – Rosanna Scotti, Director
    - **Human Resources** – Brigitte Hohn, Executive Director
    - **Strategic Communications** – Kevin Sack, Director
    - **Internal Audit** – Ruvani Shaubel, Director
    - **Citizen Centred Services A+**
      - **Deputy City Manager** – Sue Corke
        - **Social Development, Finance & Administration** – Nancy Matthews, Exec. Director
        - **Affordable Housing Office**** – Sean Gadon
        - **3-1-1 Project Office**** – Neil Evans, Project Director
        - **Toronto Office of Partnerships**** – Phyllis Berck, Director
        - **Children's Services** – Brenda Patterson, General Manager
        - **Homes for the Aged** – Sandra Pitters, General Manager
        - **Court Services** – Barry Randell, Director
        - **Parks, Forestry & Recreation** – Brenda Librecz, General Manager
        - **Economic Development, Culture & Tourism** – Vacant, General Manager
        - **Shelter, Support & Housing Administration** – Phil Brown, General Manager
        - **Emergency Medical Services** – Bruce Farr, EMS Chief & General Manager
        - **Social Services** – Heather MacVicar, General Manager
        - **Public Health*** – Dr. David McKeown, Medical Officer of Health
    - **Citizen Centred Services B+**
      - **Deputy City Manager** – Richard Butts
        - **Technical Services** – William Crowther, Executive Director
        - **Policy, Planning, Finance & Administration** – Carol Moore, Exec Director
        - **Waterfront Secretariat** – Elaine Baxter-Trahair, Project Director
        - **Toronto Environment Office** – Lawson Oates, Director
        - **City Planning** – Gary Wright, Chief Planner & Exec. Director
        - **Toronto Building** – Ann Borooah, Chief Bldg. Official & Exec. Director
        - **Fire Services** – William Stewart, Fire Chief & General Manager
        - **Toronto Water** – Lou Di Gironimo, General Manager
        - **Municipal Licensing & Standards** – Vacant, Exec. Director
        - **Transportation Services** – Gary Welsh, General Manager
        - **Solid Waste Management Services** – Geoff Rathbone, General Manager
    - **Internal Services+**
      - **Deputy City Manager & Chief Financial Officer** – Joseph P. Pennachetti
        - **Corporate Finance** – Len Brittain, Director
        - **Information & Technology** – David Wallace, Chief Information Officer
        - **Finance & Administration** – Bruce Shintani, Director
        - **Special Projects** – Joe Farag, Director
        - **Financial Planning** – Josie La Vita, Director
        - **Treasurer** – Cam Weldon
          - **Accounting Services** – Mo Lewis, Director
          - **Pension, Payroll & Employee Benefits** – Ivana Zanardo, Director
          - **Purchasing & Materials Management** – Lou Pagano, Director
          - **Revenue Services** – Guiliana Carbone, Director
        - **Chief Corporate Officer** – Bruce Bowes
          - **Public Information***** – Ada Bielow (Acting), Manager
          - **Facilities & Real Estate** – Chuck Donohue, Executive Director
          - **Fleet Services** – Gerry Pietschmann, Director

* *The Medical Officer of Health reports to City Council through the Board of Health*
** *Special Project Offices*
*** *Interim reporting relationship pending establishment of 3-1-1*

CITY OF TORONTO'S SPECIAL PURPOSE BODIES

AGENCIES, BOARDS, COMMISSIONS AND CORPORATIONS (ABCCS)

Corporations*/ Commercial

- Toronto Community Housing Corp.*
- Toronto Economic Development Corp. (TEDCO)*
- Toronto Hydro Corp.*
- Toronto Parking Authority

Partnered Corporations*

- Enwave Energy Corp.*

* Incorporated under the Ontario Business Corporation Act (OBCA)

Service Boards

- Board of Governors of Exhibition Place
- Hummingbird Centre for the Performing Arts
- St. Lawrence Centre for the Arts
- Toronto Board of Health
- Toronto Centre for the Arts
- Toronto Police Services Board
- Toronto Public Library
- Toronto Transit Commission
- Board of Management of the Toronto Zoo

Program Operating Boards

- Heritage Toronto
- Yonge Dundas Square Board of Management
- Business Improvement Areas
- Arena Boards
- Association of Community Centre Boards (AOCCs)
- Affiliated Boards

Quasi-Judicial Tribunals

- Committee of Adjustment
- Committe of Revision
- Property Standards Committee/ Fence Viewers
- Rooming House Licensing Commission
- Toronto Licensing Tribunal

Financial/ Administrative

- Sinking Fund Committee
- Toronto Atmospheric Fund Board of Directors

Pension Bodies:

- Metro Toronto Pension Plan, Board of Trustees
- Metro Toronto Police Benefit Fund, Board of Trustees
- Toronto Civic Employees' Pension and Benefit Fund Committee
- Toronto Fire Department Superannuation & Benefit Fund Committee
- Toronto Transit Commision Pension Fund Society
- York Employees' Pension and Benefit Fund Committee

ADVISORY BOARDS

Program Advisory Bodies

- Museum Boards
- Committees, reference groups and other bodies that advise staff on various aspects of City programs

Political Advisory Bodies

- Toronto Preservation Board
- Roundtables, task forces and other bodies that advise Council

EXTERNAL AND PARTNERED ORGANIZATIONS

12 Alexander Street Project

Art Gallery of Ontario

Arts Etobicoke

Arts York

Association française des municipalitiés de l'Ontario (Francophone Association of Municipalities of Ontario)

Bridgepoint Hospital, Board of Governors

Campbell House, Board of Management

Canadian Film Centre

Canadian National Exhibition Association

Canadian Opera House Corp.

Canadian Stage Company

Caribbean Cultural Committee

Crescent Town Club Inc.

Design Exchange

Dora Mavor Moore Awards

Dragon Boats 2006 – Great White North Dragon Boat Challenge

East Metro Youth Services

East York Foundation Nominating Committee

Foodshare

Friends of Maple Leaf Cottage

George R. Gardiner Museum of Ceramic Art

Greater Toronto Airports Authority

Greater Toronto Marketing Alliance

Green Tourism Association

Harbourfront Centre

Hockey Hall of Fame, Board of Directors

ICLEI – Local Governments for Sustainability

Lorraine Kimsa Theatre for Young People

Metropolitan Toronto Convention

Centre Corporation

Moving the Economy

Municipal Property Assessment Corporation

Museum of Contemporary Canadian Art

National Ballet of Canada

North York Historical Society

Rouge Park Alliance

Royal Agricultural Winter Fair

Runnymede Hospital, Board of Directors

Scarborough Arts Council

Social Housing Services Corporation

The Scarborough Hospital, Board of Directors

The Salvation Army Toronto Grace Health Centre, Board of Trustees

Toronto and Region Conservation Authority

Toronto Arts Council

Toronto Artscape

Toronto Business Development Centre

Toronto Child Abuse Centre

Toronto Financial Services Alliance

Toronto Foundation for Student Success

Toronto Humane Society

Toronto International Film Festival Group

Toronto Public Library Foundation

Toronto Symphony Orchestra

Toronto Waterfront Revitalization Corp.*

Toronto Zoo Foundation

Tourism Toronto

Town of York Historical Society

Urban Arts Community Arts Council

Woman Abuse Council

York Community Information

Young Ambassadors Selection – Committee for Learnx Foundation

* Incorporated under the Ontario Business Corporation Act (OBCA)

TORONTO'S OFFICAL PLAN

Toronto is a great city! It has evolved into a special place that people care about deeply. It is a wonderful city in which to live, offering a diversity and richness of urban life that nurtures creativity, entrepreneurial spirit and a concern for each other and for future generations. Together, these characteristics have shaped a city that attracts people from every corner of the world.

What kind of city will Toronto be in the 21st century?

This is an important question affecting us all. Toronto faces a complex and challenging future and the decisions we make today will shape the kind of city we will live in tomorrow.

This Official Plan is about making the right choices and shaping Toronto's collective future. The Plan is about getting the fundamentals right. It is about having a clear vision for the City – grounded in durable principles that assure a successful future.

VISION

This Official Plan rests on strong foundations that can weather the test of time. It builds on the vision of those who have helped us travel from our early roots as a settlement on the shores of Lake Ontario to a vibrant and modern city. It is grounded in principles of:

- diversity and opportunity;
- beauty;
- connectivity; and
- leadership and stewardship.

The vision of the Plan is about creating an attractive and safe city that evokes pride, passion and a sense of belonging – a city where people of all ages and abilities can enjoy a good quality of life. A city with:

- vibrant neighbourhoods that are part of complete communities;
- affordable housing choices that meet the needs of everyone throughout their life;
- attractive, tree-lined streets with shops and housing that are made for walking;
- a comprehensive and high quality affordable transit system that lets people move around the City quickly and conveniently;
- a strong and competitive economy with a vital downtown that creates and sustains well–paid, stable, safe and fulfilling employment opportunities for all Torontonians;
- clean air, land and water;
- green spaces of all sizes and public squares that bring people together;
- a wealth of recreational opportunities that promote health and wellness;
- a spectacular waterfront that is healthy, diverse, public and beautiful;
- cultural facilities that celebrate the best of city living; and
- beautiful architecture and excellent urban design that astonish and inspire.

TORONTO'S OFFICIAL PLAN

PRINCIPLES

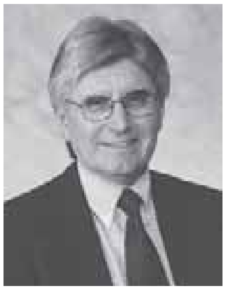
This Plan is about the basics of successful city-building. Holistic and integrated thinking is a fundamental requirement for planning a modern city like Toronto. Integrated thinking means seeing, understanding and accounting for all the connections as we go about our decision making. Sometimes it means thinking differently about solutions. Always it means searching for outcomes that demonstrate integration, balance and interdependence and that earn social, environmental and economic rewards.

A successful city is one with a competitive advantage over others locally, nationally and internationally. It has a quality of life that will attract and retain people who have capital, skills, knowledge, ingenuity and creativity. A successful city with an enviable quality of life is diverse, equitable and inclusive; it astonishes with its human-made and natural beauty; it thrives on making connections and it inspires great leadership and stewardship. Toronto has these attributes now. We will have to consolidate and build on these strengths as we grow. Success will come by seizing new opportunities based on these principles.

FINANCIAL CONDITION & PERFORMANCE

CITY OF TORONTO
2008 BUDGET SUMMARY

MESSAGE FROM THE DEPUTY CITY MANAGER & CHIEF FINANCIAL OFFICER



In 2008 the City of Toronto made financially strategic advancements for establishing long-term financial plans and faced significant financing challenges all of which are reflected in the 2008 Capital and Operating Budgets.

For the first time since amalgamation, staff introduced a balanced operating budget in 2008. This significant achievement was the culmination of Council's decision to introduce a municipal land transfer tax (MLTT) and a personal vehicle tax (PVT) in the Fall of 2007; moderate increases in user fees without impairing access to services for the less privileged; savings from cost containment initiatives implemented in 2007 which continued in 2008; and successful negotiations for increased provincial assistance for public transit.

The 2008 budget includes strategic investments in new and enhanced services including public transit, waste diversion, public safety, community health and wellness, economic development and culture, and climate change.

The 2008 Operating Budget achieves the major goals of maintaining services while controlling expenditures and addressing the structural deficit challenge that has prevailed since amalgamation. It is anticipated that the ongoing Provincial/Municipal Fiscal and Service Delivery Review will result in permanent funding for transit operations and increased upload of social services costs. Should this materialize, the structural deficit problem will be substantively addressed beginning with the 2009 Operating Budget.

The City introduced a planning process in 2008 which is based on sound financial and service planning principles and best budgeting practices. The process was designed to provide a longer-term view, and to emphasize the need for upfront priority-setting to guide the formulation of the City's budget. It focuses on linking resource allocation decisions to results and outcomes. Service Planning is the stage of the City's financial planning process where service directions, objectives, priorities, strategies and challenges are established and/or confirmed. Furthermore, it is at this stage that service levels are defined, reviewed or validated in the context of City priorities and strategies, public demands and resource availability. Service Planning is a process through which high-level strategies are operationalized, and City and community objectives are aligned with service delivery plans. It is a key tool that supports informed decisions about services and service levels, and ensures the best use of available resources to achieve strategic directions.

The City continues cost control measures and has introduced new taxation measures in moving toward fiscal sustainability. Some progress has been made with regards to uploading Social Services Programs and gaining recognition for increased transit operating funding. It is anticipated that the City's efforts to obtain fairer funding for provincially mandated services will be fully addressed in the Provincial/Municipal Fiscal and Service Delivery Review currently underway. Favourable resolution of the provincially mandated social services programs and the operating funding imbalance must resolve the prevailing fiscal deficit challenge for the City of Toronto in the short term.

While emphasis has been placed on maintaining and protecting the City's infrastructure and physical assets, the capital budget and plan also provides for growth in strategic areas and priority service expansion projects in key program areas to accommodate service demands and expectations of the public. Until the City has a share of revenues that grow with the economy, the growth and service improvement requirement will continue to receive limited funding and minimize debt financing.

Notwithstanding significant funding challenges, the 2008 Capital Budget and Plan is fiscally prudent because it balances the capital spending needs for infrastructure maintenance with the objective of ensuring that the City's debt burden is kept within the Council approved debt service charge to property tax ratio of 15%. In order to stabilize the increase in debt financing and to maintain/enhance the City's credit rating, the City will increase contribution from current funding by 10% annually.

The City's credit rating remains among the highest of comparably sized or larger North American cities such as Chicago, New York, Vancouver and Montreal. Currently, the City of Toronto's credit rating is AA with stable trend from Dominion Bond Rating Service Ltd. and with a positive outlook from Standard and Poor's Canada as well as Aa1 rating with stable outlook from Moody's Investor Service.

Joseph P. Pennachetti
Deputy City Manager and Chief Financial Officer

FISCAL CAPACITY

Toronto enjoys a highly diverse economy which positions it to be internationally competitive. Yet every year, the City faces the challenge of matching its spending needs to its ability to raise revenues. There is a permanent or "structural" mismatch between spending and revenues. This has been caused by three main reasons:

- The City's primary revenue sources, property taxes and user fees, do not grow with the economy like income and sales taxes do. Residential property taxes and user fee increases over the years have generally followed the rate of general inflation. As well, high property tax yielding industrial properties are being converted to low tax yielding residential properties.
- The City's operating costs have been increasing faster than the rate of general inflation because of unique and diverse needs, higher construction, energy and labour costs, and because of increasing demands for service and service enhancements.
- The City's physical infrastructure is getting older and is now beginning to be replaced with increased debt and concurrent tax and rate pressures. At the same time, the City's unfunded liabilities are growing, 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.

City Council in 2007 approved two new taxes under the provisions of the new City of Toronto Act, for implementation in 2008. These two new taxes are: Municipal Land Transfer Tax and Personal Vehicle Ownership Tax. Although the revenue generated from these new taxes will not be a significant proportion of the City's revenue budget, they will help improve the City's fiscal capacity by reducing the City's reliance on the property tax base.

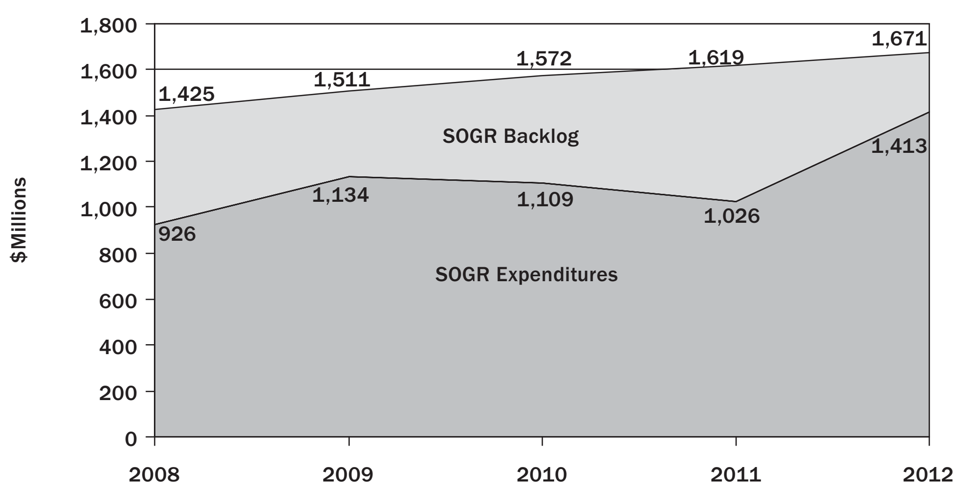
PHYSICAL INFRASTRUCTURE

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 $61 billion. The City's capital program is driven largely by the costs of maintaining its physical assets in a state of good repair.

	Estimated Asset Value
Transportation Infrastructure	$10 Billion
Water & Wastewater Infrastructure	$27 Billion
Public Transit System	$10 Billion
Buildings, Facilities & Fleet	$9 Billion
Housing Infrastructure	$6 Billion
Total	$61 Billion ++

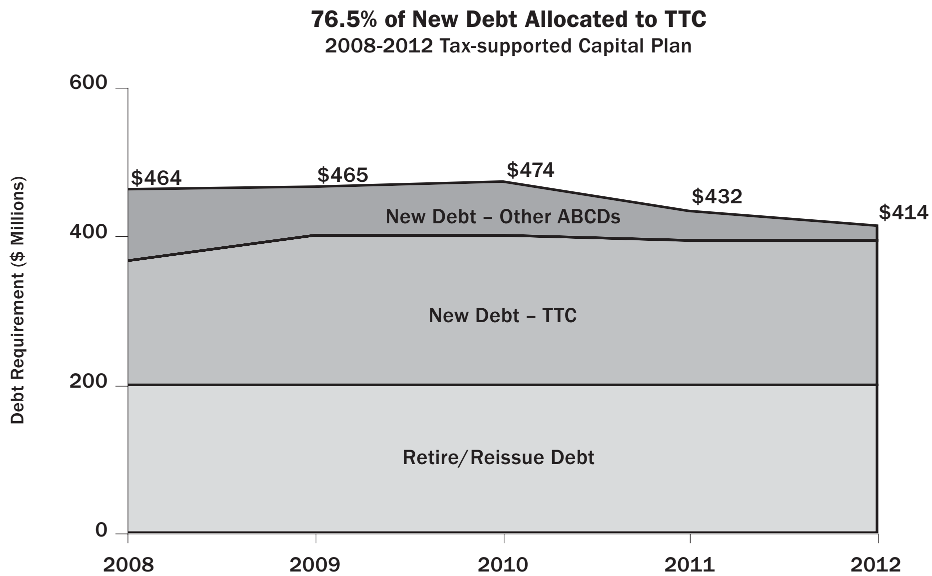
The City's road network, the majority of which was constructed in the 1950's and 1960's, is in need of major repair and rehabilitation. The City's water and wastewater network is similarly aged – 50 % of the water pipes and 30 % of wastewater pipes are more than 50 years old, while 7 % of watermains and 3 % 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. Despite planning on spending two-third of the total capital expenditures on the State-of-Good-Repair (SOGR) in the next five years, the City still faces mounting backlog, which is estimated to be over $1.43 billion. This SOGR backlog is estimated to escalate to $1.67 billion by 2012, as shown in the chart below. In addition, capital requirements resulting from population growth and demographic changes will add financial pressures. 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, social housing, recreation centres, etc. are required, which will put pressures on the City's capital and operating budgets.

Backlog Significant Despite 2008–2012 Commitment of $5.6 Billion to SOGR

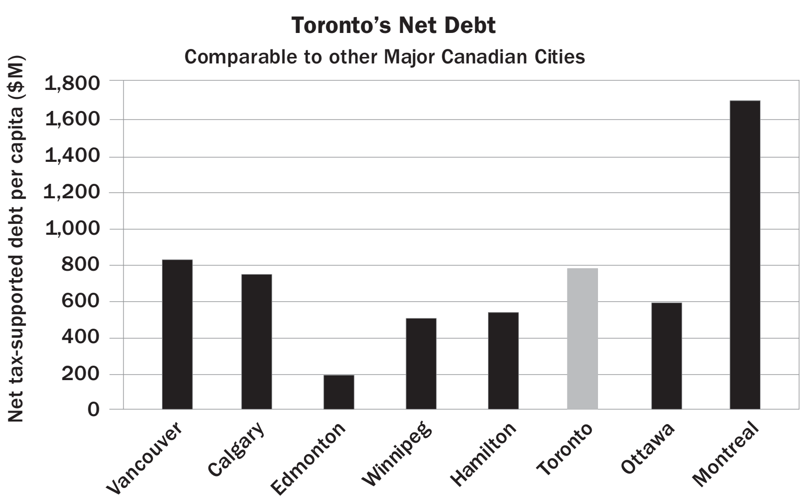


CAPITAL FINANCING AND DEBT

The City borrows to fund capital expenditures. (It cannot borrow to fund operating expenditures under the City of Toronto 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, Social Housing, etc. For the next five years, the TTC is driving the majority of the new debt required to fund the City's capital requirement. In fact, 76.5% of the new debt is allocated to the TTC.



Overall, the City's debt burden is relatively modest and its net tax-supported debt per capita is comparable to other major Canadian municipalities.



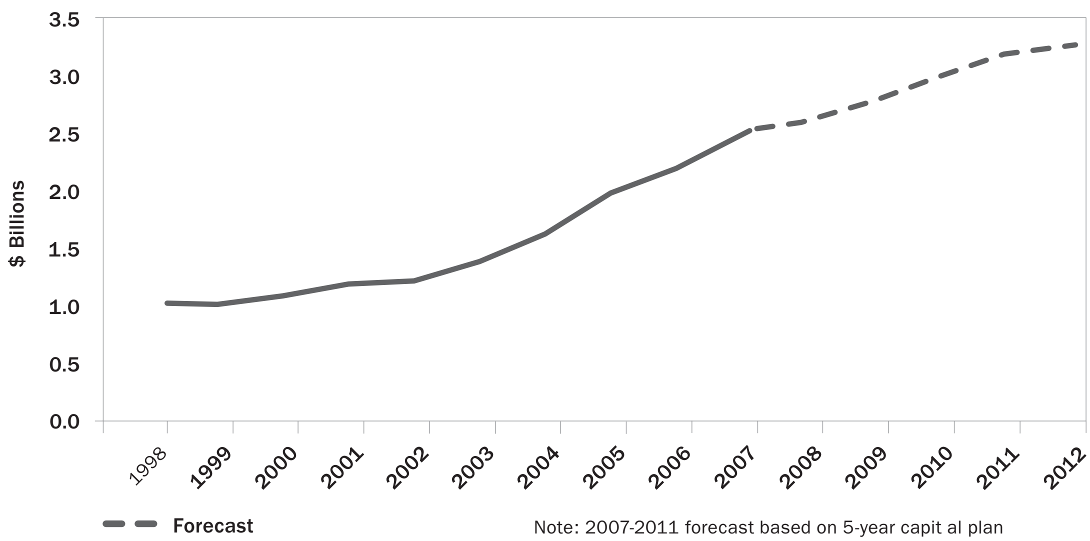
Source: DBRS Canadian Municipal Government Fact Sheet February 2007

CAPITAL FINANCING AND DEBT

Going forward, preliminary estimates as at the end of 2007 showed that the City's net long-term outstanding debentures would increase by 16% in five years. Gas tax funding from the federal and provincial governments, as well as provincial transit funding has alleviated some of the capital financing pressures and will help to lessen future debt requirements. In 2007 Council approved the Financial Planning Process and a pilot of the 2008 Service Planning Process, which set the framework for developing multi-year capital and operating budgets, and ensured that limited resources are aligned to priorities to maximize the benefits for Toronto's residents.

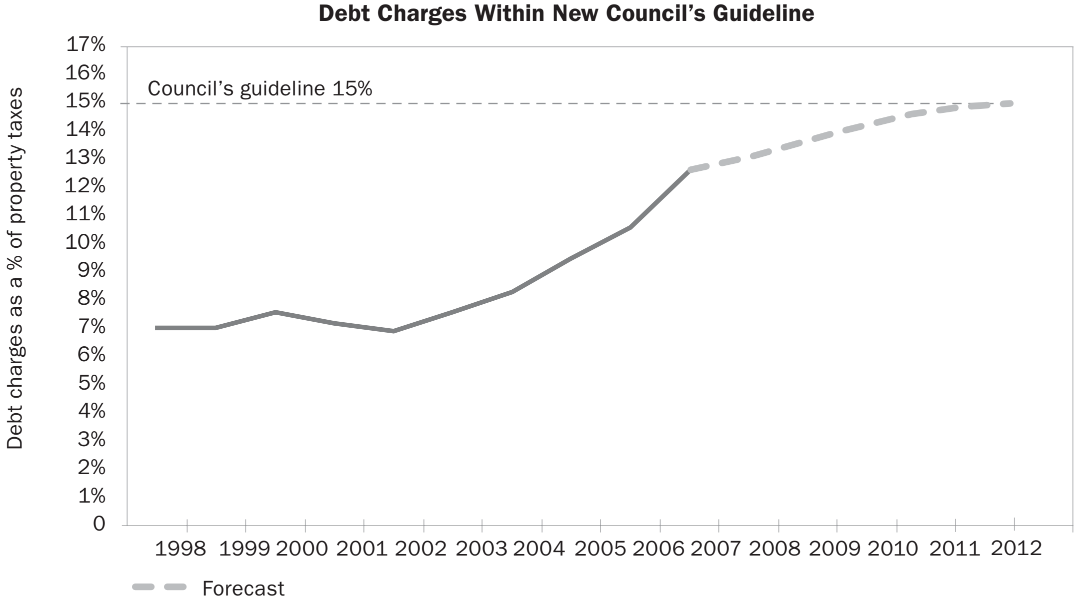
Cumulative Net Debt

(Tax-Supported)



Debt charges are the second largest component of the property tax bill (behind police services). In 2006, City Council approved a new debt service guideline such that the debt service cost should not exceed 15 per cent (up from 10 per cent) of property tax revenues in a given year. Although only a guideline, this limit means that at least 85 cents on each tax dollar raised is available for operating purposes. Current forecast shows that the City's debt charges will fall within this guideline in the next few years.

Debt Charges Within New Council's Guideline



CAPITAL MARKET FINANCING ACTIVITIES

At the beginning of 2007, the City authorized the issuance of up to $500 million in debentures in order to fulfill a portion of its capital financing requirements.

In July 2007, the City issued $200 million sinking fund debentures with a term of 10 years and an interest rate of 5.05% per annum and a $100 million amortizing debenture with a term of 20 years and an interest rate of 5.34%. The proceeds of this issue were used to partially finance the purchase of the Green Lane Landfill and will be recoverable from revenue generated by the landfill. In November 2007, the July 2007 debenture issue was reopened. Also, $200 million in sinking fund debentures with a 10 year term and an interest rate of 5.05% per annum were added to create a $400 million issue. This issue was used to finance the City's capital projects and will serve as a benchmark for the pricing of future debt issues. These transactions were well-received in an attractive and stable bond market and achieved the lowest cost of funds available relative to other potential structures, markets and currencies as permitted by provincial legislation.

The Financial Market Environment:

In 2007, the Canadian economy faced several challenges, including stronger-than-expected domestic demand, high energy prices, and a rapid rise in the value of the Canadian dollar against the U.S.-dollar. The Bank of Canada was successful in keeping the average rate of CPI inflation within the 1 to 3 per cent target range and close to the 2 per cent target.

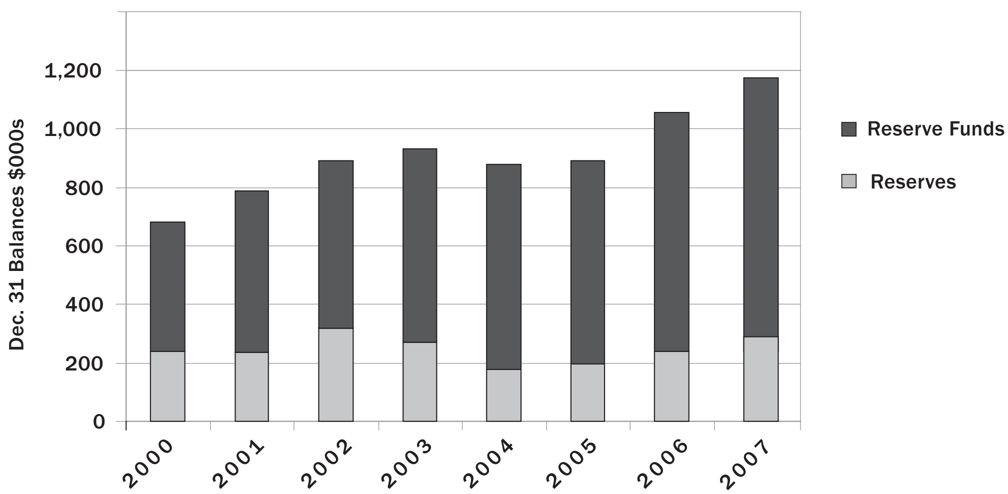
After strong economic growth and inflation in the first half of 2007, the economy began to experience slower growth in the second half of the year due to turbulence in the global financial markets. Credit conditions in Canada and the US began to tighten in response to the volatile market conditions and the cost of borrowing increased during this period. Credit spreads continued to widen because of losses in the sub-prime lending market. Nevertheless, during 2007 the City was able to issue debt with two successful bond issues with ten-year terms and an all-in cost of less than 5.00%. It should be noted that the City did not have any exposure to the sub-prime mortgage lending market.

RESERVES AND RESERVE FUNDS

As at December 31, 2007, the City had $1,177.5 million in Council-directed reserves and reserve funds, comprising $254.9 million in Reserves and $922.5 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 unbudgeted an unforeseen events that may result in a budget deficit such as an economic downturn, to smooth out future program expenditures which may fluctuate from one year to the next, or to accumulate funds for future capital requirements. While the reserve and reserve fund balance in Council-directed funds would appear to be a large sum, it should be noted that the majority of these funds are committed. Due to its structural financial deficit mentioned earlier, the City has relied on reserve draws as a one-time revenue source to offset annual operating pressures. Since amalgamation, the total reserve draw to fund the operating budgets was estimated to be over $1 billion, with $282 million withdrawn in 2007 alone. These one-time draws have limited the City's future financial flexibility in responding to risk and adverse circumstances.

Reserves and Reserve Funds

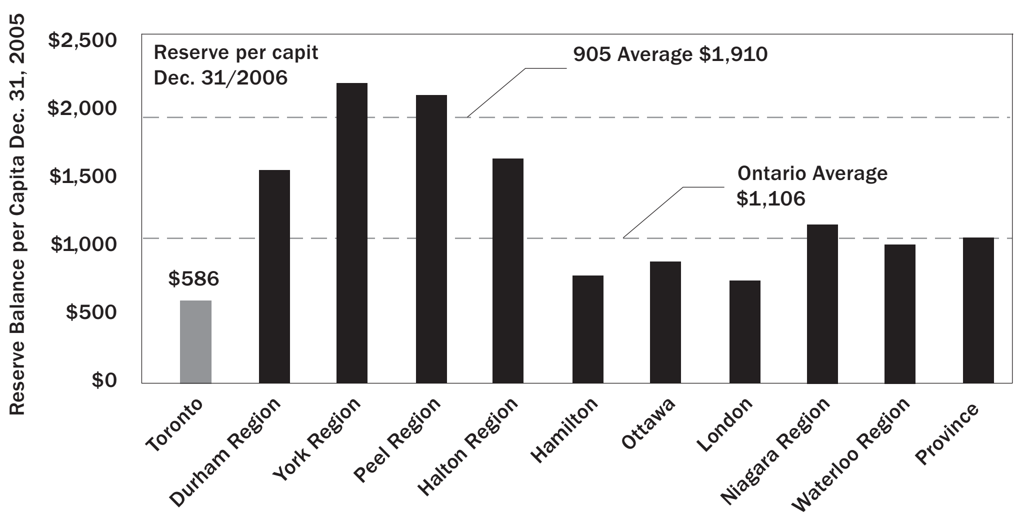
(excluding Obligatory Reserve Funds/Deferred Revenues)



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 over $5 billion in reserves, or almost three 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.

RESERVES AND RESERVE FUNDS

Reserve Levels are Lower than Other Municipalities



Source: Ontario Ministry of Municipal Affairs & Housing, City of Toronto
Regional data consolidated for upper and lower tiers
Balances include Obligatory Reserve Funds/Deferred Revenues

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 categorized as Obligatory Reserve Funds as at December 31, 2007 was $981.4 million. These funds are all committed and are not available at Council's discretion.

REVENUES

2007 PROPERTY TAXES AND ASSESSMENT

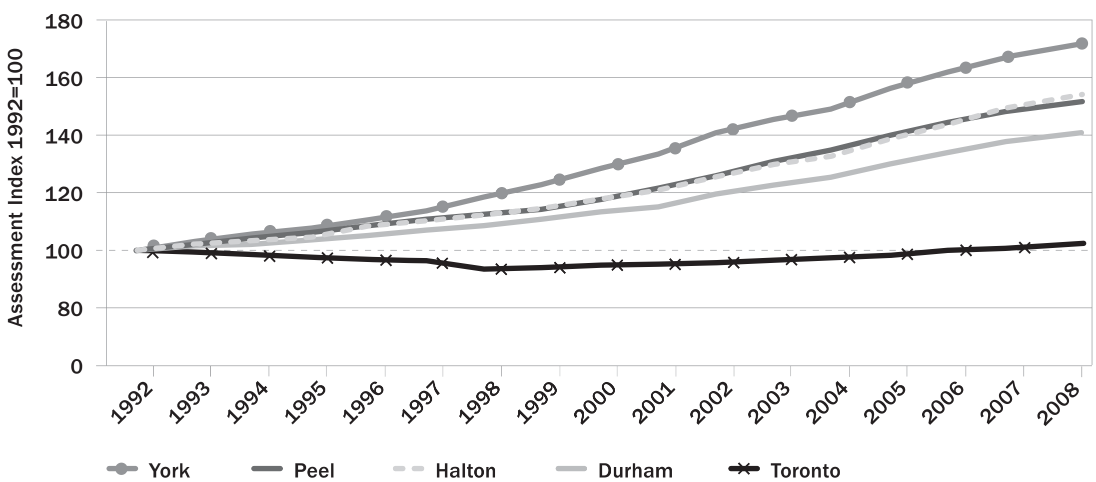
Property tax revenue is the City's single largest source of revenue. The City collects $3.3 billion from residential and business property owners, which represented 42% of the total operating revenues.

Every 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. 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 property 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.

Over the last sixteen years, the GTA experienced quite remarkable economic and population growths following the recession of the 1990's. The Toronto region (CMA) contains a number of the fastest-growing municipalities in Canada with respect to population between 2001 and 2006, such as Milton (71.4%), Brampton (33.3%), Vaughan (31.2%), Markham (25.4%), Richmond Hill (23.2%) and Ajax (22.3%). The bulk of the new construction and the associated assessment increase are located in the surrounding areas in the GTA. For example, from 1992 to 2008 York Region's total assessment increased by 72%, Halton Region (which contains Milton) saw a 53% increase, Peel Region's increased by 51%, and Durham Region's increased by 41%. 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.

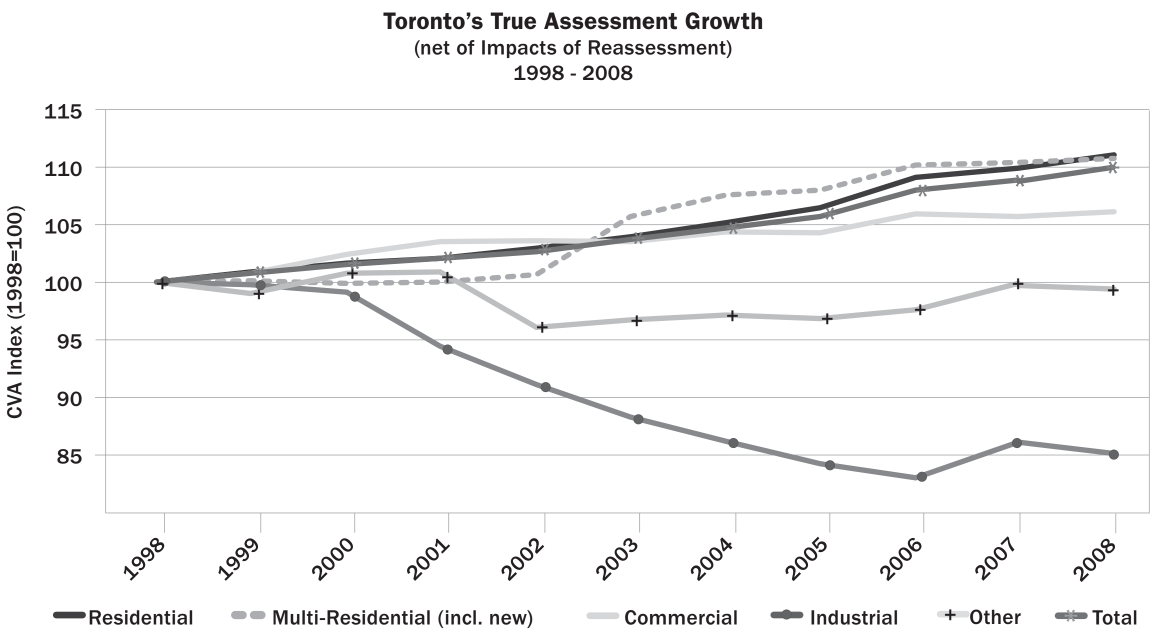
Unlike the Rest of GTA Enjoying Sizable Assessment Growth, Toronto Has Just Returned to its 1992 Level



Source: MMAH's MARS, MPAC, Annual Financial Reports of the respective regions and survey.

REVENUES

From 1998 to 2008, the total CVA of the City's properties saw a total true net growth of 10% when the impacts of property reassessment are removed. Within the various property classes, the residential and multi-residential property classes each saw an increase of about 11%. For the non-residential properties, while commercial properties increased by a modest 6%, industrial properties saw a net decrease of over 15%. This is illustrated in the chart below.



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. The Municipal Property Assessment Corporation (MPAC) is responsible for property assessment in Ontario and preparing the assessment rolls for municipalities.

Up until 2004, Toronto had been the only municipality in the GTA that was prohibited by provincial legislation from increasing property tax levies on businesses for budgetary reasons. Ontario municipalities whose commercial, industrial or multi-residential tax ratios exceed threshold ratios established by the Province, are restricted from passing on municipal levy increase to those classes. In Toronto, tax ratios for the commercial, industrial and multi-residential tax classes all exceeded the provincial thresholds which meant that no municipal levy increases could be passed on to these classes. This meant that instead of accessing the full assessment base, the City could increase tax rates only on the residential class. While each one percent property tax increase would generate $32 million if the whole assessment base could be accessed, when the budgeting increases are not levied on businesses, the City could raise only $12 million from the residential class.

Since 2004, the Ontario Government has on an annual basis passed special regulations which allowed Toronto's tax rate increases on the non-residential classes to be no more than 50% of the rate for the residential tax class. However, as part of a plan to improve business competitiveness, starting in 2006, Toronto's commercial, industrial and multi-residential tax rate increase is limited to one-third of any year-over-year increase in residential tax rates.

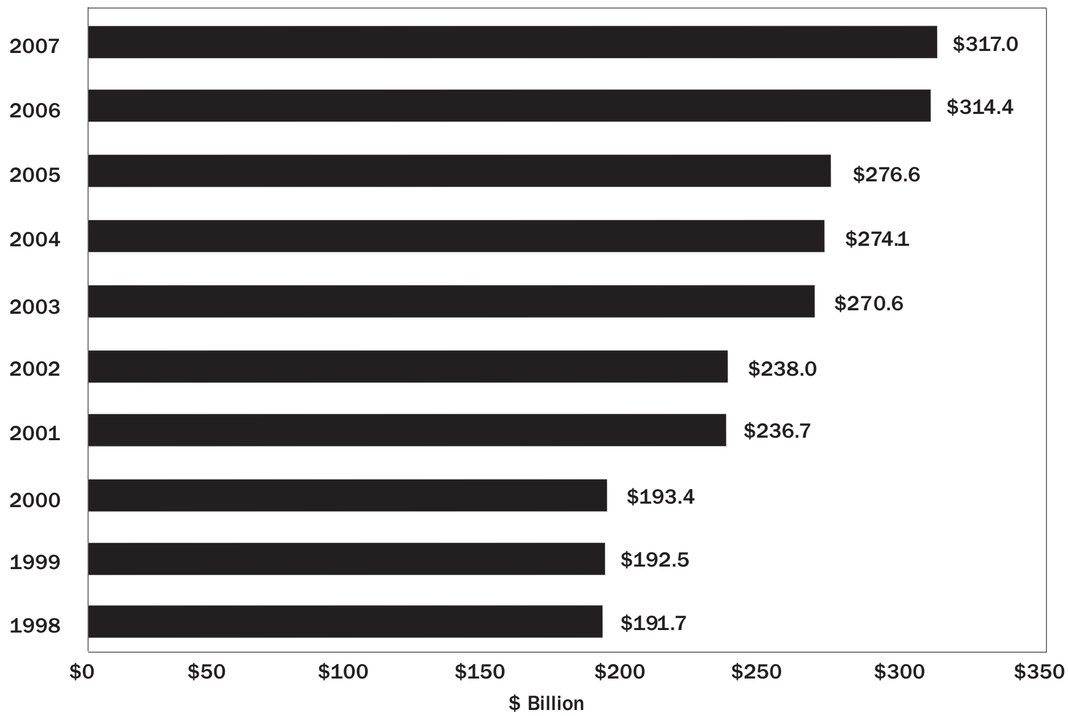
REVENUES

In 2006 the Provincial Ombudsman reviewed the Municipal Property Assessment Corporation (MPAC), and the Province subsequently suspended all property reassessment until 2009, at which time the values will be updated to reflect the January 1, 2008 valuation date. Reassessments will take place every four years thereafter. With each reassessment, tax rates are adjusted to reflect CVA changes. For 2006 and 2007 property values were based on January 1, 2005 valuation date and were used to calculate property taxes.

The City of Toronto Act mandates limits on re-assessment related tax increases to 5% per year for the commercial, industrial and multi-residential property classes. Special provisions to provide tax relief for low-income seniors and disabled persons, as well as charities and similar organizations, are also required.

Total Property Assessment

City of Toronto 1998-2007



REVENUES

The chart below illustrates the 2008 taxes payable for the average household in Toronto with an assessed value of $365,468.

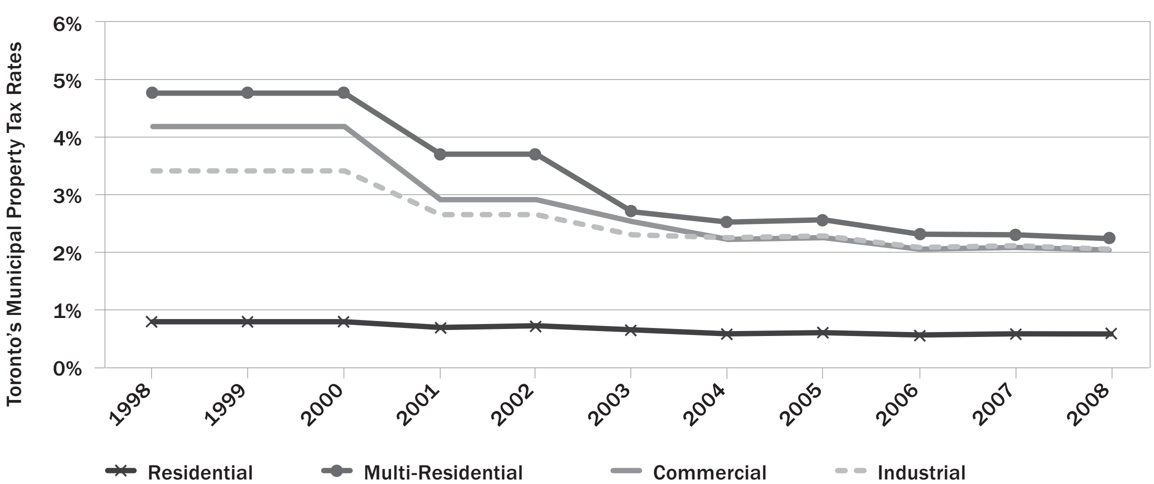
2008 Average Household Property Taxes
Average residential assessed value – $365,468

	2007 Tax Rate	2007 Property
Municipal Purposes	0.6109226%	$2,233
Education Purposes	0.2640000%	$965
Total	0.8749226%	$3,198

Toronto's Tax Ratios Vs. Provincial Threshold Ratios

	2001 Taxation Year	2002 Taxation Year	2003 Taxation Year	2004 Taxation Year	2005 Taxation Year	2006 Taxation Year	2007 Taxation Year	2008 Taxation Year	Provincial Threshold Ratios
Multi-residential	4.174	4.001	3.870	3.802	3.761	3.635	3.546	3.469	2.74
Commerical	3.798	3.513	3.516	3.762	3.802	3.674	3.584	3.506	1.98
Commerical Small								3.410	1.98
Industrial	5.301	4.120	4.120	4.273	4.273	4.090	3.920	3.740	2.63

Toronto's Tax Rates Reduced
1998 – 2008



REVENUES

Enhancing Toronto's Business Climate:

In late 2005 Council approved a comprehensive property tax policy contained in the Plan titled "Enhancing Toronto's Business Climate – It's Everybody's Business". The fairness principles and business cost competitiveness initiatives contained in the plan were intended to help to level the playing field with the surrounding municipalities and make Toronto's businesses more competitiveness globally. These initiatives would create the conditions to maintain and expand the City's property tax assessment base with a net positive impact on the City over the long term. In 2006 the City implemented, amongst other things, the policy of allowing for up to one-third of any residential tax rate increase to be applied to the Commercial, Neighbourhood Retail, Industrial, and Multi-Residential tax classes (i.e. a one percent non-residential tax increase for a residential tax increase of three percent), which would reduce its non-residential tax ratios to 2.5 times the residential rate over 15 years. This tax policy would reduce Toronto businesses' taxes by an estimated $300 million.

On October 22, 2007, City Council approved the "Update to Enhancing Toronto's Business Climate" status report that highlighted 12 new initiatives to enhance the City's economic competitiveness over the long term. The report recommended property tax relief measures for small and medium-sized neighbourhood retail properties, and for non-retail office, hotel and industrial developments to be implemented in 2008. It included a new property tax program to provide relief to a new residual commercial class (neighbourhood retail) for implementation in 2008, which would provide an accelerated phase-in over a maximum 8-year period, commencing in 2008, to reduce the target tax ratio for the first band of assessed value in the residual commercial class to 2.5-times the municipal residential tax rate by 2015.

Other City efforts to enhance competitiveness have resulted in a successful agreement with the provincial government to reduce business education tax (BET) rates for the City of Toronto businesses closer to the average of the surrounding GTA municipalities, creating a new, fair water rate structure for industrial and manufacturing companies and continuing the relief of development charges for the city's commercial industry.

REVENUES

Property Tax Relief for Seniors and Charities:

In addition to providing tax relief for businesses, the City also provided tax relief for seniors and disabled people, as well as charities. Tax relief policies in effect for 2008 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, which residential property assessed value is less then $454,000 and have occupied his home for at least one year.
- The interest free deferral of any tax increase for seniors 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.

USER FEES

User fees are the City's second largest source of revenue. Total user fee revenues including water and wastewater charges were $2.0 billion, representing 25% 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, Child Care, Public Health and Social Housing, as well as other income such as earnings from business enterprises and investment income. The total of these revenues in 2007 was $2.6B (or 33% of total operating revenues).

NEW TAXATION

In 2007 the City undertook an intensive consultation process to solicit public and stakeholder feedback on the new revenue tools under the provisions of the City of Toronto Act, 2006, with the intent to diversify the City's revenue base. As a result of those consultations and further research, in October 2007 City Council approved new taxes:

- Municipal Land Transfer Tax (MLTT); and
- Personal Vehicle Ownership Tax (PVT)

Billboard tax and liquor tax on sales to non-licensed customer were recommended for further consideration. Subsequently, the liquor tax option eliminated by Council.

Parking tax and road pricing were found to be more suitable for application on a coordinated GTA wide basis. Funding options such as these are being studied by the newly formed Greater Toronto Transportation Authority (Metrolinx).

Both new taxes (MLTT and PVT) will be implemented in 2008 (MLTT – February 1, 2008 and PVT – September 1, 2008). It was estimated that these two new taxes would generate a total of $175 million in 2008.

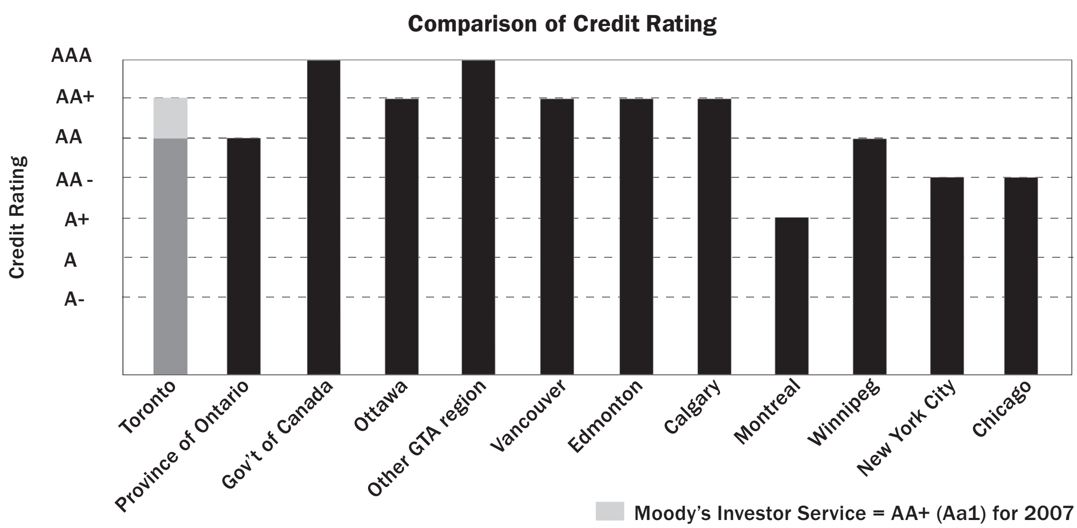
CREDIT RATING

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 insure that the City's ability to access the most cost-effective world capital markets will continue.

A municipality's credit rating helps to determine the 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. Then the City would have to offer a higher interest rate to attract investors.

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



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

- AA with a stable trend from the Dominion Bond Rating Service Ltd.(DBRS) reaffirmed July 26, 2007
- AA with a positive outlook from Standard and Poor's Canada (S&P's) upgraded March 19, 2008
- Aa1 with a stable outlook from Moody's Investor Service reaffirmed February 12, 2008

CREDIT RATING

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
DBRS	AA	AA	AA	AA	AA	AA	AA (high)	AA (high)	AA (high)	AA (high)	AAA
Standard and Poor's	AA	AA	AA	AA	AA	AA	AA+	AA+	AA+	AA+	AA+/AAA
Moody's Investors Service	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa2	Aa2	Aa2	Aa2	Aa2

In its March 12, 2008 Research Update *"City of Toronto Outlook To Positive On Robust Economic Performance; 'AA' Ratings Affirmed"* Standard & Poor's wrote: "The positive outlook reflects our expectation that the city will implement two new taxes and that the new tax revenues, coupled with increasing grants from senior governments, will significantly improve operating and after-capital results. Debt issuance should not exceed what the current capital plan forecasts. We also expect that the local economy will continue to produce solid results and positive taxable assessment base growth. Cash and investment balances should remain in line with 2006 year-end totals at a minimum. A significant and sustained increase in operating surpluses leading to a reduction of planned debt issuance in the next three years, coupled with material progress on the city's infrastructure deficiency, could lead us to raise the ratings."

Moody's February 2008 Credit Analysis Report stated: "Toronto's stable rating outlook reflects management's commitment to maintaining fiscal discipline, ensuring that the city's debt burden remains manageable and consistent with the current high rating Toronto's debt rating of Aa1 reflects positive operating results over the past several years despite numerous challenges requiring budgetary adjustments. Debt has remained relatively low, despite the challenges, providing support to the rating. Furthermore, the Aa1 rating reflects a large, diversified economy. The city retains an important economic role as Canada's largest urban center and its financial capital. It is also a focal point of the Province of Ontario's industrial and commercial heartland…….As a reflection of the application of Moody's Joint-Default Analysis (JDA) rating methodology for regional and local governments, Toronto's Aa1 rating is composed of two principal inputs: a baseline credit assessment (BCA) of 2 on a scale of 1 to 21, in which 1 represents the lowest credit risk, and a very high likelihood that the Province of Ontario (Aa1, stable) would act to prevent a default by the city. The very high likelihood of support reflects Moody's assessment of the risk to Ontario's reputation as a regulator of municipalities if Toronto, or any municipality, were to default."

TORONTO'S 2006 PERFORMANCE MEASUREMENT AND BENCHMARKING REPORT

This City of Toronto provides service level and performance measurement results in nineteen of the City of Toronto's service areas. The following information includes up to seven years of Toronto's historical data to examine trends, and compare results externally to fourteen other municipalities through the Ontario Municipal CAOs Benchmarking Initiative (OMBI).

It often takes a year or more for performance measurement information to be collected, compared to other municipalities, analyzed and reported. By examining past performance this provides context for resource allocation and target setting decisions in forward looking processes such as the annual budget process.

At the end of the calendar year the City's general ledger and annual financial statements must first be finalized. At this point we commence the blending of this financial information along with non-financial data to develop performance measurement results.

Once these results are derived, discussions then take place between Toronto staff and those of other Ontario municipalities we benchmark with, to ensure that the results are as comparable as possible. This in turn is followed by analysis to better understand Toronto's results in relation to other municipalities so that this information can be provided along with the raw data.

Toronto is unique among Ontario municipalities because of its size and its role as the centre of business, culture, entertainment, sporting and provincial and international governance activities in the Greater Toronto Area. The most accurate comparison for Toronto is to examine our own year-over-year performance and longer-term historical trends.

All of Toronto's service areas continue to look for opportunities to improve operations and performance and a number of these initiatives completed in 2007 and planned in 2008, have been described in this report.

There is also value in comparing Toronto to other municipalities. In December 2007, the fifteen OMBI member municipalities released a joint report entitled OMBI 2006 Performance Benchmarking Report (OMBI Joint Report) *www.ombi.ca.*

The OMBI Joint Report provides 2005 and 2006 summary data in sixteen service areas.

The report includes:

- Three service areas not covered in the OMBI Joint Report (Children's Services, Hostel Services and Governance and Corporate Management).
- Additional performance measures and service level indicators not included with the sixteen service areas in the OMBI Joint Report.
- Up to seven years of Toronto's historical data, to better understand trends in our own internal service levels and performance, and the description of Toronto's 2005 to 2006 change as either favourable, stable or unfavourable.
- Ranking of Toronto's results, by quartile in relation to the other municipalities, to assist in interpreting how well Toronto is doing.
- Factors that have been identified as significantly influencing Toronto's results.
- Achievements from 2007 and initiatives planned for 2008 that could further improve Toronto's operations in the future.

OMBI has developed detailed technical definitions and standardized methodologies to collect consistent performance information to ensure results are as comparable as possible between municipalities.

The Performance Measurement and Benchmarking report is intended to strengthen accountability and enhance the level of transparency in the way performance of Toronto's services is reported.

Toronto's Performance Measurement Framework for Service Delivery

The City of Toronto's performance measurement framework for service delivery is similar to that used by other OMBI municipalities and includes the following four categories of indicators and measures:

- **Service Level Indicators** – provide an indication of the service levels, or amount of resources approved by Council or volumes of service delivered to residents. For the purposes of comparing to other municipalities it is often expressed on a common basis, such as the number of units of service per 100,000 population.

- **Performance Measures**
    - > *Efficiency* – compares the resources used to the number of units of service provided or delivered. Typically this is expressed in terms of cost per unit of service.
    - > *Customer Service* – measures the quality of service delivered relative to service standards or the customer's needs and expectations.
    - > *Community Impact* – measures the outcome, impact or benefit the City program is having on the communities they serve in relation to the intended purpose or societal outcomes expected. These often tie to the mission statements of the program or service.

It is the responsibility of staff, with the financial resources and associated service levels and/or standards approved by Council, to deliver service as efficiently, and with the highest customer service and/or positive impact on the community, as possible.

Balancing the optimal combination of efficiency and customer service is an ongoing challenge. Too much focus on efficiency, in isolation, may have an adverse impact on customer service or community impact, and vice versa.

With respect to community impact measures, it is also a challenge to separate the portion of these impacts or outcomes that are related to City programs versus the efforts or responsibilities of partners, such as other orders of government or the private sector.

Using this performance measurement framework, Toronto's results can be examined from an internal perspective over a period of years, and from an external perspective in relation to other municipalities.

Comparing Toronto's Results Externally

Despite the unique characteristics of Toronto, such as our much higher population density, there is also value in making comparisons of performance measurement results to other municipalities to assist in understanding how well Toronto is doing.

For a number of years Toronto has been an active participant in the Ontario Municipal CAOs Benchmarking Initiative (OMBI.) The fifteen municipalities that comprise OMBI, serve more than 9.1 million residents or 72% of Ontario's population for regional services. OMBI's members are comprised of the following eight single-tier cities/counties and seven regional or upper tier municipalities which are listed in the table below along with the abbreviations of their names.

Single-Tier Municipalities	
Bran	County of Brant
Ham	City of Hamilton
Lond	City of London
Ott	City of Ottawa
Sud	City of Greater Sudbury
T-Bay	City of Thunder Bay
Tor	City of Toronto
Wind	City of Windsor
Upper Tier Municipalities	
Durh	Regional Municipality of Durham
Halt	Regional Municipality of Halton
Musk	District of Muskoka
Niag	Regional Municipality of Niagara
Peel	Regional Municipality of Peel
Wat	Regional Municipality of Waterloo
York	Regional Municipality of York

Through the OMBI partnership, performance measurement results are shared between municipalities and can be used in reports such as this.

In order to determine Toronto's ranking relative to other municipalities, OMBI data has been sorted according to what would be considered as the most desirable result (the highest service level or levels of efficiency, customer service or community impact) to the least desirable result. The purpose of this is to provide context to Toronto's own results.

It is important to note that the presentation of sorted municipal data in the charts in no way intended to make inferences on the relative service levels or performance of other municipalities. Each of the OMBI municipalities have different factors that influence their results to varying degrees. It would therefore be unfair to interpret or make conclusions about the efficiency or effectiveness of their operations without that understanding and without speaking to staff in those municipalities.

Once the municipal data has been sorted, the median (middle) result of the data set is identified and Toronto's result is placed in the appropriate quartile, with a quartile dividing the municipal results into quarters. The first/ top quartile, represents municipalities falling within the top 25% of the results. The second quartile includes municipalities falling within 26% to 50% of the sample meaning they are still better than, or at the median value. Results falling in the third or fourth quartile are below the median. The third quartile includes municipalities falling within 51% to 75% of the sample and the fourth/bottom quartile represents municipalities falling within the bottom 76% to 100% of the sample.

The example the chart below, provides an illustration of medians and quartiles using a set of nine numbers. In this example, the number 1 would be the most desirable result indicative of the highest service levels or the highest level of efficiency, customer service or beneficial impact on the community. Conversely, the number 9 would be the least desirable result. The number in the middle of the data set (5 in this case) is referred to as the median. The data set is divided into quartiles (quarters) and each quartile is identified by a different colour. Toronto's result is placed in the applicable quartile, with each quartile identified by a colour and description.

The quartiles have been associated with a colour scheme to provide a visual aid to assist in reviewing Toronto's results in summaries provided at the beginning of each service section.

The two shades of green (the 1st and 2nd quartiles) represent:

- Service level indicators – service levels or resources higher than the median.
- Efficiency, customer service and community impact measures – results better than the median.

The colours of yellow (3rd quartile) and red (4th or bottom quartile) represent:

- Service level indicators – service levels or resources lower than the median.
- Efficiency, customer service and community impact measures – results below the median.

How to Interpret Summaries of Toronto's Performance Measurement Results

Each of the nineteen service areas included in the report, includes a summary of Toronto's internal and external performance measurement results using the colour code schemes described earlier, as well as text describing the result. There is also a consolidated summary by service area on pages 1-23. An illustration of these summaries.

Category of Measure

Name of measure and ref. to figure number in report.

Toronto's results, are compared internally from 2006 to 2005 to identify trends.

Toronto's results compared externally to other municipalities in these 2 columns. Results are presentted by quartile.

Chart reference in report for more detailed information

Measure Category	Measure Name	Internal Comparison of Toronto's 2006 Vs. 2005 Results		External Comparison to Other Municipalities (OMBI) By Quartile		Chart Ref.
		Service Level (Resources)	Efficiency/ Effectiveness (Results)	Service Level (Resources)	Efficiency Effectiveness (Results)	
Section 1 - Service Name						
Service Level	Units of Service per 100,000 population	**Favourable** Increase in units of service provided	–	1 Higher service levels	–	1.1
Effciency	Cost per unit of service	–	**Unfavourable** Cost per unit has increased	–	4 High costs	1.2
Customer Service	Response time	–	**Stable** Response time shows little change	–	2 Lower response time	1.3
Community Impact	Rate of Inci-dence	–	**Favourable** Incidence rate has decreased	–	3 Higher rate of incidence	1.4

Toronto's 2006 vs. 2005 trends in service levels are desribed as stable, favourable (where there is an increase), or unfavorable (where there is a decrease).

Toronto's 2006 vs. 2005 trends in for efficiency, customer service and community impact/outcomes results, are described as stable, favourable (where results are improving), or unfavourable (where results are not as good).

Toronto's service levels are compared to other municipalities. If in 1st or 2nd quartile, service level is higher than the OMBI median. If the 3rd or 4th quartile service level is lower than the OMBI median.

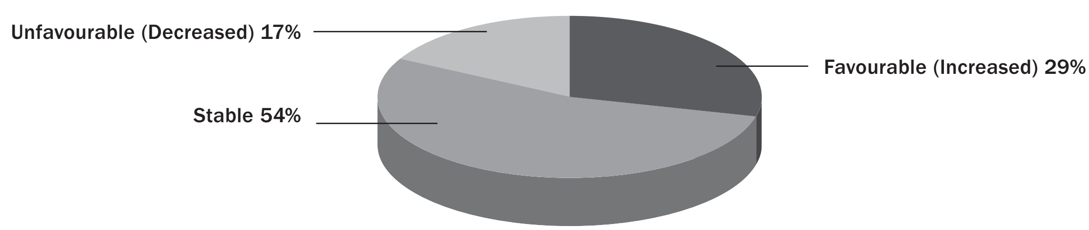
Toronto's efficiency, customer service and community impact/outcome compared to other municipalities. If in 1st or 2nd quartile, result is better than the OMBI median, and if in 3rd or 4th quartile is worse than OMBI median.

- Columns 1 and 2 indicate the category of measure or indicator and the name of the measure.
- Columns 3 and 4 summarize results of Toronto's internal comparison of service levels and performance measurement results between 2006 and 2005.
- Columns 5 and 6 summarize results of the external comparison of Toronto's service levels and performance measurement results to other municipalities, based on 2006 results of the Ontario Municipal CAOs Benchmarking Initiative (OMBI).
- Column 7 provides a reference to the appropriate chart in each service section graphing the results.

Internal Comparison – How Have Toronto's Service Levels changed between 2006 and 2005?

Of the thirty-five service level indicators included in Toronto's 2006 Performance Measurement and Benchmarking Report, 2006 service levels have been maintained (stable) or have increased (favourable) for 83% of the indicators in relation to 2005.

Toronto Report - Internal Comparison of Service Levels
2006 vs. 2005 (35 Indicators)
Service Levels (23 Indicators)



Examples of some of the areas in which Toronto's service levels or levels of activity have increased in 2006 are:

- More ICI (Industrial, Commercial and Institutional) building permits were issued
- There was an increased investment in Children's Services and increased number of both regulated and subsidized child care spaces
- An increase in the number of emergency medical calls responded to by EMS
- There are more hostel beds in shelters
- Increased kilometres of trails in the Parks system
- Additional police officers
- The capacity for registered sports and recreation programming was increased
- More public transit vehicle hours were provided

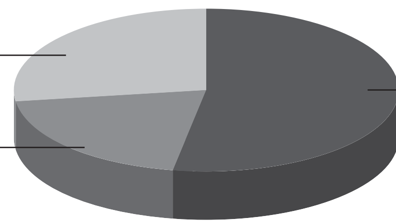
The areas where Toronto's service levels have decreased is related to lower number of service units delivered in 2006 such as:

- Fewer residential building permits were issued by Building Services
- Lower levels of EMS vehicle hours
- Fewer incidents responded to by Fire Services
- Lower volumes of drinking water distributed and wastewater treated

Internal Comparison – How Have Toronto's Performance Measurement Results Changed Between 2006 and 2005?

Of the eighty-seven performance measurement results of efficiency, customer service and community impact included in Toronto's 2006 Performance Measurement and Benchmarking Report, 73% of the measures examined, had 2006 results that were either improved or stable relative to 2005.

Toronto Report - Internal Comparison of Performance Measures
2006 vs. 2005 (87 Measures)



Examples of areas in which Toronto's 2006 performance has improved include:

- Increasing construction value of ICI building permits issued
- Increasing supply of regulated and subsidized child care spaces relative to the child population
- Shorter EMS response times and a decreasing cost per patient transported
- Decreasing rates of residential structural fires, and fire related injuries and fatalities, and a shorter response time to emergency calls
- Increasing usage by residents of both electronic and non-electronic library services
- Reduced/shorter length of stay for families in shelters
- Continuing high rate of resident satisfaction in homes for the aged
- Decreasing total (non-traffic) crime and violent crime rates and an increased clearance rate for total (non-traffic) crimes
- Decreasing vehicle collision rate
- Improving pavement condition of Toronto's roads system
- Decreasing costs of winter maintenance on roads
- Decreasing (improving) length of time clients are receiving social assistance, and decreasing administration costs per case
- Decreasing cost of social housing per unit
- Increasing solid waste diversion rates and reduced rate of complaints regarding collection
- Increasing use of registered sports and recreation programs
- Decreasing amounts of property tax arrears
- Increasing public transit trips per person
- Decreasing costs of wastewater collection
- Decreasing rates of drinking water used in homes, fewer water main breaks and lower costs of water treatment and distribution

The areas where the internal trends in Toronto's performance measurement results are unfavourable or have declined include:

- Ten efficiency measures, where the costs of providing a unit of service have increased in 2006, due to wage increases in collective agreements
- Decreasing construction value of residential building permits issued
- Increased costs of solid waste disposal arising from contractual agreements with haulers of the waste to Michigan
- Increased costs of solid waste diversion as new programs are introduced in order to achieve higher diversion rates
- Higher costs of wastewater treatment relating to higher costs of energy and the disposal of biosolids

Continuous Improvement Initiatives – What Actions are Toronto's Service Areas Taking to Further Improve Operations and Performance?

The City continues to look at ways to improve Performance. Examples of some initiatives from the service areas are:

- In early 2008, the Children's Services Division introduced a quality ratings system for all child care centres that have a service contract with the City of Toronto.
- In 2007, EMS implemented a new wireless electronic patient charting system that will make paramedics more efficient and effective in terms of patient care paperwork processing time, which in turn will increase their availability for response to other calls.
- In 2008, Fire Services will implement mobile data terminals and software to improve the efficiency of fire prevention inspectors.
- In 2008, the Parks, Forestry and Recreation Division will be analyzing the proximity of parkland in relation to Toronto's population and Toronto's Capital Plan proposes the development of trails and may include the utilization of bicycle lanes on streets as part of the City's bike plan.
- Since 2006, the Toronto Police Service has redeployed 200 officers to front-line operations.
- The Solid Waste Management Division has a pilot project underway in 30 high-rise apartment complexes to test the feasibility and cost effectiveness of collecting organics.
- The Revenue Services Division will be introducing new user fees related to tax collections (i.e. statement fees and fees for notification), which is expected to result in lower costs for the collection process and improvements in the overall collection rate for tax arrears.
- In 2008, the Toronto Transit Commission is expanding to match service to ridership in order to both address overcrowding on some routes and accommodate the expected increase in ridership.
- For Wastewater Services (Toronto Water), the Wet Weather Flow Master Plan over the next 25 years will help reduce the amount of wastewater that bypasses treatment during rain storms.
- In 2007, Water Services (Toronto Water) completed a water loss detection study that identified a number of measures that can be implemented during 2008 and beyond to reduce the amount of water lost throughout the distribution system.

External Comparison – How Do Toronto's 2006 Service Levels Compare to Other Municipalities?

There are forty-three service level indicators, in Toronto's 2006 Performance Measurement and Benchmarking Report where Toronto's results can be compared and ranked with other municipalities and placed in quartiles. Between Toronto's 2005 and 2006 Benchmarking Reports, there has been very little change in Toronto's quartile ranking for each of the service level indicators in relation to other municipalities. Changes in Toronto's quartile ranking for individual service level indicators would likely only occur over much longer time periods.

Some of the key factors that influence Toronto's results and rankings, such as Toronto's much higher population density are common to multiple service areas. Results have been grouped by these key influencing factors and are described below.

- Services where Toronto's size and high population density requires higher service levels, which are indicative of large densely populated cities
  - the highest number of police staff (officers and civilians) per 100,000 population
  - the highest number of transit vehicle hours per capita, because of Toronto's multi-modal system and high transit use
  - the highest number of library holdings (collection) per capita, due to our extensive research and reference collections, electronic products and multilingual collections

- Services where there is a higher need or demand for social programs in large cities
  - the highest childcare investment per child aged 12 and under
  - the highest number of social assistance cases per 100,000 households
  - the highest number of emergency shelter beds per 100,000 population
  - the highest number of social housing units per 1,000 households

- Services where a different service delivery model may be used in Toronto than in other municipalities.
  - Toronto has a higher number of medical incidents and high number of total incidents responded to by fire services per 1,000 population
  - Toronto has the highest proportion (53%) of paramedics that are qualified as Advanced Care Paramedics
  - Toronto has a lower proportion of municipally operated long term care beds in relation to all beds in the community from all service providers

Areas where Toronto's service levels or levels of activity are lower (3rd or 4th quartile) relative to other municipalities, are primarily related to much higher population densities in Toronto than in the other OMBI municipalities. This includes:

- Fewer facilities or less infrastructure required in densely populated municipalities like Toronto because of proximity and ease of access, while other less densely populated municipalities require proportionately more facilities or infrastructure to be within a reasonable travel distance of their residents.
  - lower numbers of large and small sports and recreation community centres, and indoor ice pads per 100,000 population (in contrast Toronto has a higher number of indoor pools)
  - lower number of library hours per capita (resulting from a lower number of library branches)
  - lowest number of road lane kilometres per 1,000 population
  - lowest hectares of parkland and kilometres of trails in relation to population
  - the lowest number of residential building permits and lower levels of ICI permits issued per 100,000 population because most of Toronto's geographic area is fully developed

- Fewer emergency services vehicle-hours may be required in densely populated municipalities like Toronto for emergency response because of the close proximity of vehicles and stations to residents. Those municipalities with lower population densities (including rural areas in some municipalities) may require proportionately more vehicle hours in order to provide acceptable response times.
  - > lower number of fire vehicle hours per capita
  - > lower number of EMS vehicle hours per 1,000 population

- Older age of Toronto's infrastructure in relation to other municipalities.
  - > Toronto's indoor ice pads and indoor pools are older
  - > Toronto's underground water distribution and wastewater collection pipes are older

External Comparison – How Do Toronto's 2006 Performance Measurement Results Compare To Other Municipalities?

There are eighty-nine performance measures of efficiency, customer service and community impact, in Toronto's 2006 Performance Measurement and Benchmarking Report where Toronto's results can be compared and ranked with other municipalities and placed in quartiles. Between Toronto's 2005 and 2006 Benchmarking Reports, there has been very little change in Toronto's quartile ranking for each of the performance measures in relation to other municipalities. Changes in Toronto's quartile ranking for individual measures is more likely to occur over a five-year or longer period.

Areas where Toronto has the top/best result of the OMBI municipalities are:

- Shortest EMS response time to emergency calls.
- Lowest rate of residential fire related injuries per 100,000 population.
- Lowest rate of governance and corporate management costs as a percentage of total operating expenditures (single-tier municipalities).
- Highest rate of total library uses, electronic library uses and non-electronic uses per capita, as well as the highest turnover rate (number of times an item is borrowed) of the circulating collection.
- Highest percentage of a municipality's geographic area that is parkland (both maintained parks and natural areas).
- Highest rate of decrease in the 2006 total non-traffic crime rate.
- Highest pavement quality rating for our roads system.
- Highest possible result (100%) for the number of winter event responses on roads meeting standard.
- Lowest social housing administrative cost per social housing unit.
- Highest rate of residential solid waste diversion for single unit homes/houses.
- Lowest amount of current and prior years property tax arrears outstanding.
- Highest rate of transit trips per capita and the highest number of transit trips per vehicle hour.
- Lowest cost of drinking water treatment per megalitre.
- Best possible result for drinking water quality (no boil water advisories).

Performance measures where Toronto's result is better than the OMBI median (1st or 2nd quartile) include:

- Higher number of regulated child care spaces per 1,000 children and higher number of subsidized spaces per 1,000 children from low income families, as well as lower child care costs per subsidized space.
- Lower rate of residential structural fires, lower rate of fire related fatalities and a lower fire response time (at median) to emergencies.
- Higher occupancy rate of beds in emergency shelters.
- Lower cost per library use.
- High rates of long term care resident satisfaction and low costs per bed day.
- Lower property crime rate and lower youth crime rate and a higher rate of decrease in the 2006 rate of reported violent crime.
- Lower administration cost of social assistance per case, and lower (shorter) response times for eligibility notification of social assistance clients.
- Lower overall residential (single-unit homes/houses and apartments) solid waste diversion rate and lower solid waste collection cost per tonne.
- Higher usage (visits) of registered sports and recreation programming per capita and a higher percentage of the available capacity utilized in these programs.
- Lower cost of providing transit services per passenger trip.
- Lower water use per household.

There are also a number of the areas in which Toronto's performance measurement results fall below, the OMBI median. Some of the key factors that influence Toronto's lower rankings, such as Toronto's much higher population density are common to multiple service areas. Measures where Toronto falls below the OMBI median in the 3rd or 4th quartile have been grouped by these key influencing factors described below.

Measures in social programs that Toronto has little control over:

- The highest percentage of children that are in low income families.
- High length of stay in Toronto's emergency shelters due to shortage of available social housing and the availability of transitional shelter beds in Toronto, which have longer stays.
- A lower rate of long term care beds (both municipal and other providers) as a percentage of the population age 75 and over.
- Higher benefits costs per social assistance case due to a greater percentage of Toronto's clients reaching the maximum of the shelter component resulting from higher housing costs in Toronto.
- Low percentage of the social housing waiting list is placed annually (longer wait times) because of a shortage of social housing.
- Higher subsidy costs per social housing unit because initial land and construction costs were higher in Toronto (resulting in higher mortgage costs) and a higher proportion of Rent Geared to Income (RGI) units with RGI costs directly related to the high market rents in Toronto.

Measures impacted by Toronto's high population density and urban form include:

- Lower residential and ICI construction values per capita of building permits issued and lower levels of new residential housing is being created because of Toronto's fully developed urban form.
- Higher violent crime and total (non-traffic) crime rate and a higher rate of increase in the 2006 property and youth crime rates. Densely populated municipalities tend to have higher violent crime rates. Toronto's results compare favourably to other heavily urbanized municipalities in Canada and the United States.
- Highest rate of traffic congestion on roads and the highest vehicle collision rate on these congested roads.
- Higher cost of solid waste transfer/disposal per tonne. Without our own local municipal landfill site, which is not practical in this urban setting, Toronto's cost of waste transfer and disposal will always be higher than those municipalities that have the advantage of a local landfill site.

Measures where Toronto's less favourable results are heavily influenced by the advanced age of our infrastructure include:

- Higher cost of wastewater collection per km. of pipe, higher rate of sewer back-ups per 100 km. of sewer line and higher percent of wastewater by-passing treatment – 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. There are also approximately 80,000 homes, which have downspouts connected to the sanitary/storm sewer system, contributing to sewer back-ups and by-pass events, especially during rain storms.
- Higher costs of wastewater treatment per megalitre, due the age of our plants (the oldest has been in operation since 1929) and the costs of disposing of biosolids.
- Higher cost of water distribution per km. of pipe and higher number of water main breaks per km. of pipe – 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.

Measures with high costs required for more effective service delivery or because of the service delivery model used:

- Higher costs of shelters per bed night due to the operation of our own shelters (36% of beds), while most other municipalities contract out or purchase all of their shelter beds.
- Toronto has high costs of roads maintenance but also has the highest pavement condition rating of the OMBI municipalities.
- Higher cost of winter roads maintenance per lane km. but Toronto also has high winter maintenance standards, the driveway windrows clearing program and our urban form, including narrow streets, on-street parking and traffic congestion during storm events, add to our costs.
- High costs for solid waste diversion per tonne but Toronto also has the highest diversion rate for single unit homes/houses of the OMBI municipalities.
- High transit cost per vehicle hour and per revenue vehicle hour, however this is due to Toronto's multi-modal system with subways, streetcars and the light rail transit being more expensive to maintain than buses, which are used exclusively in other municipalities. This multi-modal system leads to the highest transit use per capita of the OMBI municipalities.

Other performance measures where Toronto's results fall below the OMBI median and where improvements in efficiency and effectiveness can be made over time include:

- Higher EMS cost per in-service vehicle hour and per patient transported.
- Higher fire costs per in-service vehicle hour.
- Highest cost of parks maintenance per hectare.
- Lower clearance rates for violent and total non-traffic criminal code incidents and a lower number of Criminal Code incidents in the municipality per police officer.
- Higher average time period that an individual or family receives social assistance – Toronto staff that support social assistance cases, carry a high case load in relation to other municipalities which could be a factor.
- Lower solid waste diversion rates in apartments and higher level of complaints regarding solid waste collection often associated with the introduction of new diversion programs.
- Higher costs of maintaining a property tax account and a lower percentage of accounts enrolled in pre-authorized payment plans.
- Lower percentage of the population using registered sports and recreation programs at least once.

World Bank Initiative to Develop City Indicators

Toronto also recognizes the value in extending its benchmarking work beyond Ontario and is one of nine North and South American cities involved in a pilot project with the World Bank to develop city indicators of quality of life and service delivery

- Canada – Cities of Toronto, Montreal and Vancouver
- United States – King County, Washington
- Brazil – Cities of São Paulo, Belo Horizonte and Porto Alegre
- Columbia – Cities of Bogotá and Cali

City Services	Quality of Life
Education	Civic Engagement
Energy	Culture
Finance	Economy
Fire and Emergency Response	Environment
Governance	Shelter
Health	Social Equity
Recreation	Subjective Well-Being
Safety	Technology & Innovation
Social Services	
Solid Waste	
Transportation	
Urban Planning	
Wastewater	
Water	

The objective for the indicators developed in this pilot process was that they would be applicable to all cities in the world regardless of geography, culture, affluence, size, economic strength, or political structure. The indicators identified to date cover a total of twenty-two theme areas, fourteen of which relate to services provided by city governments and eight, which are quality of life indicators.

Commencing in May 2008, the City Indicators Initiative will be managed by a newly established "City Indicators Facility" within the Cities Center at the University of Toronto and discussions are taking place on expanding the pilot program to cities in a number of other countries.

It is expected that this initiative will take a number of years before comparable results will become available, but if successful it will provide a valuable additional source of information to assess how well Toronto is doing from both a service delivery and quality of life perspective.

Conclusion

The City continues to promote a continuous improvement culture in order to provide our citizens and businesses with services that are as efficient and effective as possible, looking for the optimal combination of efficiency and quality and beneficial impact on our communities.

For more detailed information on this report visit our website at *www.toronto.ca*

CORPORATE BUDGET OVERVIEW

CITY OF TORONTO
2008 BUDGET SUMMARY

2008 OPERATING BUDGET SUMMARY

TAX AND RATE SUPPORTED PROGRAMS

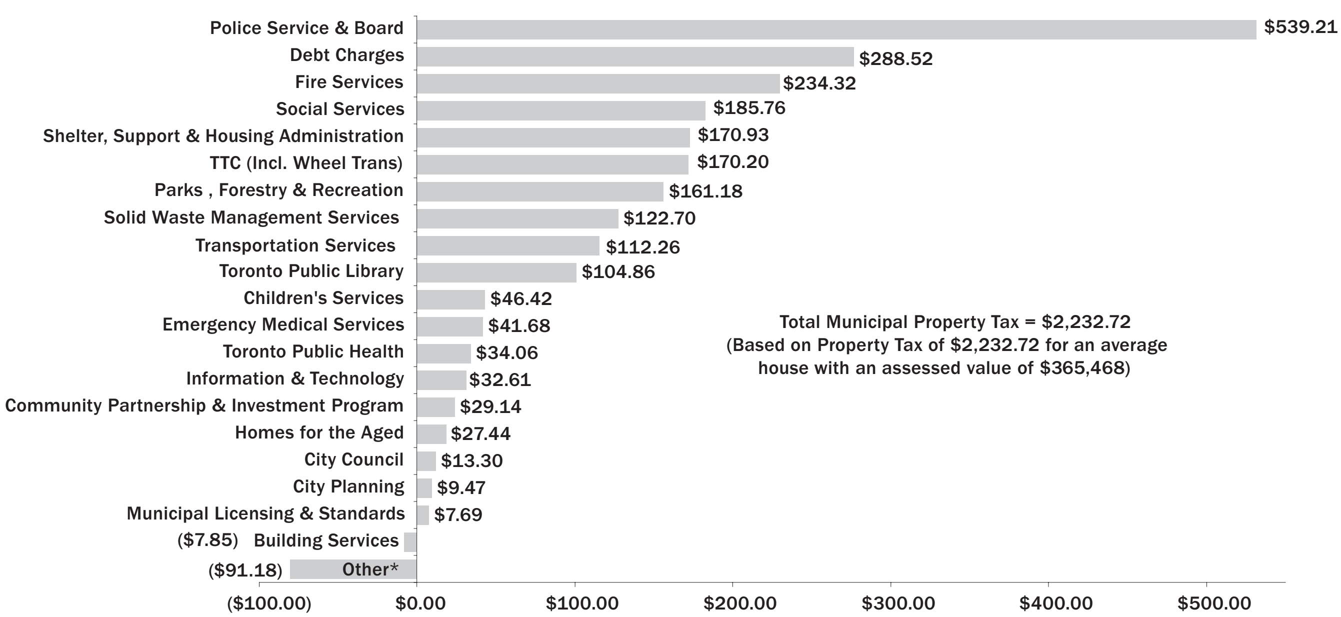
In accordance with the Mayor's guidelines and directions, the 2008 Operating Budget continues the strategic process of balancing short-term needs against long-term objectives. For the first time since amalgamation, the 2008 Operating Budget was balanced when introduced by staff on January 28, 2008. This significant achievement was the culmination of Council's decision to introduce a municipal land transfer tax (MLTT) and a personal vehicle tax (PVT) in the Fall of 2007; moderate increases in user fees without impairing access to services for the less privileged; savings from cost containment initiatives implemented in 2007 which will continue in 2008; and successful negotiations of increased provincial assistance for public transit, in particular. The 2008 Operating Budget maintains services and service levels needed by residents and businesses.

On March 31, 2008, Council approved the 2008 Operating Budget of $8.171 billion, which is funded primarily by property taxes totalling $3.315 billion. Compared to 2007, the 2008 Expenditure Budget reflects an increase of $311.064 million or 4.0%. The budget includes strategic investments in new and enhanced services of $57.153 million gross and $12.385 million net for public transit, waste diversion, public safety, community health and wellness, economic development and culture, and climate change initiatives.

How 2008 Tax Dollars Will Be Spent

To finance the 2008 Approved Operating Budget, Council approved a tax levy of $3.315 billion. This translates into a municipal tax bill of $2,232.72 on the average house with an assessed value of $365,468.00. In effect, this represents an increase of $58.12 over 2007. As shown in Chart 1, 24% or $539.21 of the taxes paid by a taxpayer with an average house will be used to pay for Police Service, while $288.52 or 13% would pay for debt charges. Together, Toronto Police Service, Debt Charges, Fire Services, Social Services, Shelter, Support and Housing Administration, and Toronto Transit Commission will appropriate 71% of the property taxes paid by a homeowner with an average house.

Chart 1 **How Your Tax Dollar Will Work For You In 2008**



2008 OPERATING BUDGET SUMMARY

Fiscal Challenges

As a result of ongoing fiscal challenges, the City has been relying on non-recurring or one-time revenue sources to balance its budget. In 2007, the City used a significant number of unsustainable revenue strategies to balance the operating budget. Reserve draws alone totalled $282 million, which, when added to other one-time revenues including Provincial one-time funding for transit operations of $100 million and a reduction of Toronto Hydro revenues of $21 million, contributed $403 million to the 2008 beginning budget pressure. On the expenditure side, uncontrollable or fixed costs such as inflation, debt service charges and other expenditures to maintain services approved in 2007, along with an increased capital from current contribution created an additional pressure of $200 million. Altogether, the impact of non-recurring revenues, the cost of maintaining existing services and service levels, and modest investments in new and enhanced services resulted in a budget pressure of $615 million (see Table 1).

2008 Operating Budget – 4% (Gross) Expenditure Increase

Table 1

2008 Beginning Pressure

		$Million
Base Budget Changes:		
– Cost of Living Allowance and Step/Merit		120
– Inflation		39
– Capital Financing		60
– Annualization and Other Base and Revenue Changes		(19)
Total Base Budget Impact		**200**
2007 Non-recurring Budget Balancing Strategies:		
Provincial Assistance – Transit Operations	100	
Hydro Revenue Reductions	21	
Non Program Reserve Draws	282	
Total Non-Recurring Budget Balancing Strategies		**403**
2008 Base Budget Pressure		**603**
New and Enhanced Services		12
Total Pressure		**615**

The 2008 Operating Budget directions required staff to maintain existing services and service levels, and to restrict new investment to key initiatives that satisfy Council and the Mayor's priorities. Staff was further directed to continue the process of fixing the structural deficit and to bring forward a balanced operating budget. Consistent with the City's fiscal management practices, strategies to achieve the above objectives included continuation of the City's continuous improvement initiatives; increasing user fees to maximize cost recovery while ensuring protection of the most vulnerable; and most importantly, to reduce reliance on one-time revenues to fund operating expenditures.

2008 OPERATING BUDGET SUMMARY

As shown in Table 2, the 2008 Operating Budget of $8.171 billion is $311.064 million higher than the 2007 Approved Budget, representing an increase of 4%. This is, in part, attributed to the City's capital financing which added $60 million to the operating budget, and strategic investments in new and enhanced services of $57.153 million. Inflation of $160 million which includes provision of cost of living allowance (COLA) constituted the largest expenditure increase.

The 2008 Operating Budget is funded primarily by Property Taxes of $3.315 billion, User Fees and Charges of $1.274 billion and Provincial and Federal Grants and Subsidies of $1.974 billion. It is noted that Property Taxes represent 41% of total revenues, approximately the same proportion as in 2007. Overall, property tax revenues including growth in assessment increased by $101 million.

2008 Operating Budget

Table 2

2008 Operating Budget ($ Millions)

	2007 Budget $	2008 Budget		Change from 2007	
		$	% of Total	$	%
2008 Approved Budget (Gross)	7,859.6	8,170.6	100.0%	311	0.0
Less:					
Provincial and Federal Grants and Subsidies	1,823.6	1,974.0	24.2%	150.4	0.1
User Fees and Donations	1,206.5	1,273.8	15.6%	67.3	0.1
Reserves and Reserve Funds	571.3	363.7	4.5%	-207.6	-0.4
New Taxation Revenues	–	175.0	2.1%	175	n/a
Other Non Tax Revenues	1,037.6	1,069.5	13.1%	31.9	0.0
Net Budget–Property Tax Revenues	**3,220.7**	**3,314.6**	**40.6%**	**93.9**	**0.0**

How the 2008 Operating Budget was Balanced

Table 3 shows how the 2008 Operating Budget was balanced. Council's decision to institute a Municipal Land Transfer Tax and a Personal Vehicle Tax will generate new revenues estimated at $175 million in 2008. These revenues are sustainable and therefore, will contribute significantly toward fixing the City's structural deficit. Savings resulting from efficiency reviews, service and service level adjustments, and continuance of the cost containment measures introduced in 2007, along with revenue increases reduced the budget pressure by $65 million. In addition, savings from the 2007 cost containment measures along with other favourable variances resulted in a 2007 operating surplus of $95.1 million of which $85.3 million was utilized to fund the 2008 budget.

2008 OPERATING BUDGET SUMMARY

Negotiations with the Province to upload social services and to increase transit funding culminated in an increase in provincial funding of $188 million comprised of $39 million upload of the Ontario Disability Support Program and $149 million in additional transit funding. It is noted that the transit funding included $49 million to fund part of the debt service cost associated with the Toronto Transit Commission (TTC) capital works program. Finally, assessment growth of $26.6 million (0.8% of the total property tax base) along with property tax rate increases of $74.643 million ensured a balanced budget in 2008. The tax revenues reflect a residential property tax rate increase of 3.75%, which will generate incremental revenues of $51.075 million and a Commercial, Industrial, and Multi-residential tax rate increase of 1.25% or $23.566 million. On the total 2007 tax base of $3.221 billion, this represents a net overall tax rate increase of 2.3%, which approximates the City of Toronto's rate of inflation.

In order to provide the services and service levels incorporated in the 2008 Operating Budget the 2009 starting budget pressure is $455.3 million. The 2009 Outlook, which is discussed in detail later in this report, indicates that the net financial impact of providing 2008 services and services levels is $183.4 million or 2% increase. However, despite significant progress in mitigating the structural deficit problem that has existed since amalgamation, non-recurring revenues used to balance the 2008 Budget totals $271.8 million, and represent 60% of the estimated 2009 starting pressure.

2008 Operating Budget Balancing Strategies

Table 3

		$ Millions
Total Pressure		**615**
Internal Strategies Before Property Tax Change:		
2008 Annualized Cost Containment and Revenue Increases		(28)
Reserve Draws		(37)
Prior Year Surplus		(85)
Total Cost Containment and Prior Year Surplus		(150)
Adjusted Pressure		**465**
Provincial Upload:		
Social Services (ODB)	(39)	
Transit Operations and Debt Charges (One-Time)	(149)	
Total Provincial Upload		(188)
Net Pressure after Provincial Upload		**277**
City Taxation Revenues:		
New Taxes	(175)	
Assessment Growth	(27)	
Property Tax Increase (3.75% Residential; 1.25% Non Residential)	(75)	
Total Taxation Revenues		(277)
		0

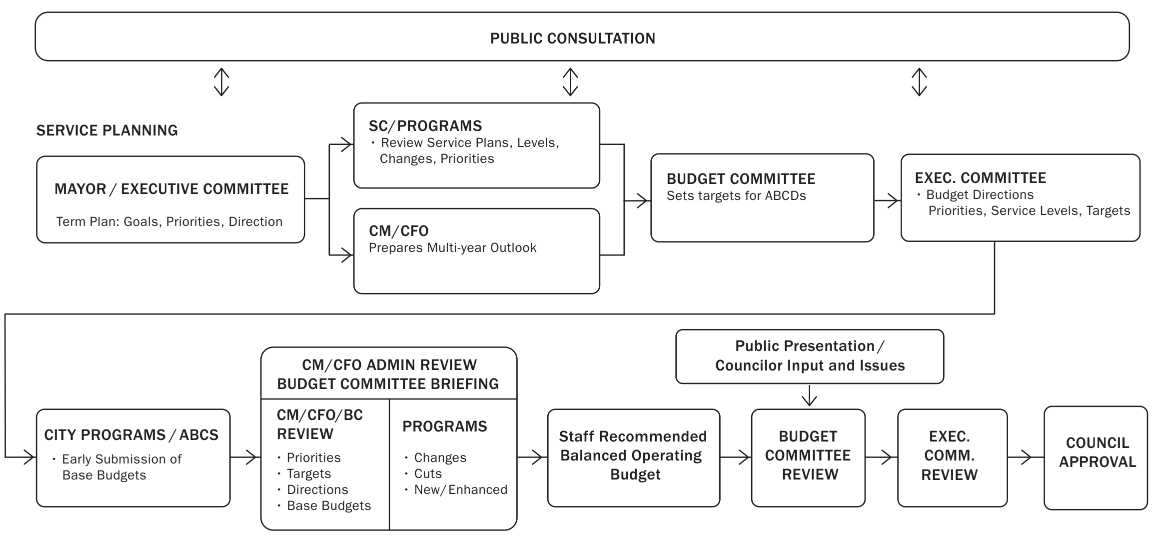
2008 OPERATING BUDGET SUMMARY

The 2008 Operating Budget achieved the major goals of maintaining services while controlling expenditures and addressing the structural deficit challenge that has prevailed since amalgamation. It is anticipated that the ongoing Provincial/Municipal Fiscal and Service Delivery Review, which will be completed in the spring of 2008 will provide permanent provincial funding for transit operations and increased upload of social services costs. Should these assumptions materialize, the structural deficit problem will be substantively addressed beginning with the 2009 Operating Budget.

2008 OPERATING BUDGET PROCESS

The City of Toronto Council Approved Financial Planning Process is based on sound financial and service planning principles and best budgeting practices. The process, which is illustrated in Chart 1, was designed to provide a longer-term view, and to emphasize the need for upfront priority-setting, service reviews and public consultation to guide the formulation of the City's budget. It focused on linking resource allocation decisions to results and outcomes. Service Planning is the stage of the City's financial planning process where service directions, objectives, priorities, strategies and challenges are established and/or confirmed. Furthermore, it is at this stage that service levels are defined, reviewed or validated in the context of City priorities and strategies, public demands and resource availability. In summary, Service Planning is a process through which high-level strategies are operationalized, and City and community objectives are aligned with service delivery plans. It is a key tool that supports informed decisions about services and service levels, and ensures the best use of available resources to achieve strategic directions.

Chart 1



As a key element of the financial planning process, Service Planning was scheduled for full implementation in 2008. However, because of many competing challenges the Service Planning Process was only piloted. Overall, the pilot was quite useful. It positioned staff to better articulate services, service standards and confirmed the value of a common, consistent and coordinated approach. The 2008 pilot was, in effect, a good start in advancing a multi-year service-based model to be used for planning, budgeting and evaluation of how services are delivered.

2008 OPERATING BUDGET SUMMARY

The operating budget process as depicted in Chart 1 was designed to ensure that the City's resources are utilized in a manner that produces results in a responsible and measurable way. Key elements of the 2008 operating budget process included the following:

- On behalf of the Executive Committee, the Mayor provided upfront directions to bring forward a balanced operating budget that fulfills Council's strategic policy agenda by aligning resources to priorities that are based on sound financial management principles, and meet budgetary targets.
- Prior to finalizing the recommended budget, the Budget Committee members would undertake detailed reviews of individual City Program and ABC budgets to ensure that Executive Committee's directions were met.
- The Budget Committee, on behalf of the Executive Committee, would hold formal meetings/hearings to receive public presentations and input from Councillors on matters and issues of interest and, where warranted, would make changes to the staff recommended budget.
- The Budget Committee would recommend a balanced budget to the Executive Committee. This budget should demonstrate strategic alignment of resources to Council priorities, highlight expected results and outcomes, and should incorporate strategies adopted to resolve the structural deficit problem.
- The Executive Committee's review of the budget should focus on major fiscal and policy issues and should confirm the budget as a strategic financial plan that will implement Council policies and priorities.

On behalf of the Executive Committee, the Mayor will present the 2008 Operating Budget to Council.

Monitoring and Improving Services

Another key element of the City's financial planning process is to set performance targets and to measure actual performance against these targets. This is especially significant as the City moves toward a full performance based, multi-year financial planning process. The City uses a number of methods to monitor and improve its services, and to support strategic decisions on allocation of its limited resources. These include:

- Performance measurement and benchmarking;
- Program reviews;
- Enhanced internal controls and audit reviews; and,
- Encouraging a climate of continuous improvement.

Performance Measurement and Benchmarking:

Performance measurement is an integral part of the City's resource planning and management accountability framework. The City is committed to measuring performance in order to determine whether intended results are being achieved and how efficiently and effectively services are being delivered.

The City measures the performance of delivering services both internally over a number of years, and externally in relation to other Ontario municipalities. This includes an examination of the service levels provided to citizens, as well as performance in terms of efficiency, customer service/quality and community impact or outcomes.

Toronto is one of fifteen cities and regional municipalities in Ontario that work together under the Ontario Municipal Chief Administrative Officers (CAOs) Benchmarking Initiative (OMBI). These cities and regions together represent 72% of the province's population for regional services and about 40% for local services such as Fire, Parks and Recreation, and Libraries. The City Manager has reported on Toronto's 2006 performance measurement and benchmarking results at the Executive Committee's April meeting.

2008 OPERATING BUDGET SUMMARY

In addition to the work being done with other Ontario Municipalities, Toronto has also been part of a pilot project initiated by the World Bank involving nine North and South American Cities. The Cities Indicator Initiative involves development of measures of city service delivery and quality of life indicators. This work is still in the early stages with challenges in consistency of technical definitions and data sources between countries, but in time, it has the potential to provide Toronto and other cities with a valuable mechanism to more broadly assess, compare and share information and move to world-wide performance measurement.

Program Reviews:

Each year Program Reviews are undertaken to ensure that City programs and services respond to the community's needs, continue to be relevant and are delivered effectively and efficiently. These Program Reviews involve:

- Documenting existing program purpose, outcomes expected, legislative base;
- Gathering evidence of relevance & cost competitiveness;
- Projecting future needs;
- Identifying gaps and solutions to close those gaps;
- Validating through a due diligence process; and,
- Consulting stakeholders throughout the process.

Table 4 below summarizes those reviews that have been recently completed, are underway, or are candidates for future reviews.

Table 4

Program Review Schedule

Program Review	Completed	Underway	Future Candidate
Children's Services – organizational restructuring	2006	—	—
Court Services – administratvie restructuring	2006	—	—
Human Resources – new mandate & organizational restructuring	2006	—	—
Strategic Communications – new mandate & organizational restructuring	2006	—	—
Social Development, Finance & Administration – Community Partnership & Investment Program Standards and Performance Measures Update	2006	—	—
Economic Development, Culture and Tourism – to provide clarity of mandate, priorities & structure and outline options for the future	2006	—	—
Parks, Forestry & Recreation – review full cost model for recreation programs	2007	—	—
Information & Technology – organization review and service rationalization	2007	—	—
Toronto Animal Services – review of appropriate placement within admin. structure, service needs, etc.	2007	—	—
Accounting Services – review organizational structure and services	—		—
Integrated Inspection, Enforcement and Prosecution – review the eight divisions	—		—
Fire Services and Emergency Medical Services – review management & administrative structures	—		—
Facilities	—		—
City Planning	—		—
Fleet Services	—	—	
Transportation Services – review programs and activities	—	—	
Shelter, Support and Housing Administration			

2008 OPERATING BUDGET SUMMARY

Internal Control and Audit Reviews:

Both the Internal Audit Division within the City Manager's Office, as well as the Auditor General's Office develop annual work plans for internal control and audit reviews to be undertaken.

Internal Audit reviews City Programs with significant exposure to risk and helps strengthen risk management and internal control systems. In the past two years, over thirty reviews have been completed and internal controls enhanced in areas such as contract management, the construction tendering process, the collection of accounts receivable, purchasing, and hiring practices.

The Auditor General's Office also conducts various operational reviews and in the past five years, over sixty reviews have been completed. Of the 844 recommendations made by the Auditor General's Office since 1999, approximately 81% have been implemented by the City as of July 2007. Provincially-Mandated Programs have also been independently audited.

Continuous Improvement:

All City Program areas continue to examine operations for ways to improve their efficiency and effectiveness in support of a culture of continuous improvement. The City's efforts have been recognized by a number of external organizations with many awards such as the Public Sector Quality fair awards; the Government Finance Officers of America (GFOA) awards; and the Recycling Council of Ontario awards.

The establishment of 3-1-1 services for the public is another example of a continuous improvement initiative. This has involved working with five City divisions to re-engineer processes and identify service standards for service requests, and when 3-1-1 becomes operational by the fourth quarter of 2008, compliance with these standards will be measured.

2008 Budget Directions and Guidelines

A major goal of the 2008 budget process was to continue work to eliminate the structural deficit. The Mayor directed staff to develop a fiscally prudent and responsible budget that ensures approved services are delivered in a cost effective manner, and that mandated service levels are protected. On behalf of the Executive Committee, the Mayor provided the following specific directions and guidelines for consideration in developing the 2008 Operating Budget:

- Achieve a *zero net base budget increase* over the previous year for all City Programs, Agencies, Boards and Commissions;
- Continue implementation of the City's continuous improvement initiative which includes program reviews, efficiency reviews, and performance results to find savings of at least $40 million;
- Protect services and service levels that are aligned to the Mayor's mandate and Council's priorities;
- Increase the 2008 contribution to the capital fund by $12.4 million in order to reduce reliance on debt financing and the resultant debt service impact on the operating budget;
- Consider only investments in new and enhanced services that are aligned to Council's highest priorities and those that are 100% or substantively funded by the Federal government, Provincial government or other funding partners;
- Avoid funding Provincial cost-shared programs from the property tax base and use any gains from uploading of Provincial programs to mitigate the structural fiscal deficit;
- Where feasible, introduce new user fees or increase existing user fees to recover the full cost of services that confer a direct or special benefit to an individual, identifiable group or business; and,
- Given the significant, prevailing structural deficit, use Toronto Hydro Revenues (dividends and interest earnings) as an operating revenue source.

2008 OPERATING BUDGET SUMMARY

To complement the Mayor's direction, the City Manager and Deputy City Manager & Chief Financial Officer prescribed the following administrative guidelines, which apply to all City Programs and ABCs:

- At a minimum, maintain the gapping rate incorporated in the 2007 Council Approved Operating Budget;
- If the zero net base budget is not achievable, full justification must be given;
- Budget fringe benefits based on the 2007 experience, but not to exceed 24.8% (of salaries and wages) for permanent staff and 11% for recreation and casual staff; and,
- Continue the 2007 approved cost containment initiative into 2008 in order to arrive at a balanced budget.

Operating Budget Policies

Annual Operating Budget – In compliance with the City of Toronto Act, 2006, City Council will adopt an operating budget in each year. The operating budget will include estimates of all sums required during the year to pay for all debt falling due during that year; amounts required for sinking funds or retirement funds; and amounts required for agencies, boards and commission.

Balanced Budget – The operating budget approved by Council in any given year must be balanced; which means that estimated revenues must be equal to, or in excess of estimated expenditures. Any in-year increase in operating expenditures or decrease in revenues that could result in a budget imbalance will require Council approval of appropriate budget revisions to ensure that the budget remains balanced.

Diversified Revenue Sources – Diversified and stable revenue sources will be encouraged in order to protect against short-term revenue fluctuations and uncertainty. Individual revenue sources have differing characteristics in terms of stability, growth, sensitivity to inflation, business cycle effects and impact on tax and ratepayers. A diversity of revenue sources must be considered in order to improve the city's ability to handle fluctuations in revenues and help to better distribute the cost of providing services.

One-Time Revenues – Use of one time revenues to fund ongoing expenditures should be restricted to extraordinary situations, which must be approved by Council on a case-by-case basis. One-time revenues should be more appropriately used for purposes such as early debt retirement, capital expenditures, and one-time expenditures.

User Fees and Charges – Where it is determined that a service provided by a City program, agency, board or commission confers a direct or special benefit to an individual, identifiable group or business, a user fee will be imposed to recover the cost of providing the service. User fees will be set to recover the full cost of providing related services, except where full cost recovery conflict with a City's policy objective on community access to services, promotion of specified goals or regulatory practices; the cost of collecting specific user fees is not efficient or constitute a significant portion of the user fee revenue for the service; or other conditions exist that would justify the exception;

User fees should be reviewed and where warranted, adjusted annually as part of the budget process in order to determine the impact of inflation and other cost factors on the adequacy of the user fee to recover the full cost of the respective services, and to adjust the fee where appropriate.

Surplus Management – Any Operating Surplus realized by the City at year-end will be disposed of in priority order to (i) the Capital Financing Reserve Fund (at least 75 % of the additional surplus); and (ii) to fund any under-funded liabilities, and/or reserves/reserve funds. Redirection of Surplus funds to other purposes requires Council approval.

2008 OPERATING BUDGET SUMMARY

Budget Development

The starting assumption for developing the 2008 Operating Budget was that services and service levels approved in 2007 would be maintained wherever possible. To estimate the cost of maintaining these services and service levels, the 2007 Approved Budget was adjusted to annualize initiatives that were implemented and funded for part of the year, and to reverse one-time expenditures and revenues. Next, the base budget was adjusted for inflation to estimate the cost of continuing to provide the approved 2007 services and service levels in 2008.

The City Manager (CM) and Chief Financial Officer's (CFO) 2008 Operating Budget instructions required City Programs and ABCs to submit, as separate budget packages, requests for any additional funding to maintain approved base services and service levels, as well as for new services and/or service enhancement initiatives. Further, the instructions required Programs and ABCs to clearly detail the service levels that would be provided with the resources requested, to demonstrate the intended outcomes and to link the resources requested with performance indicators and results. The 2008 budget process, therefore, required decision support information about base services and sound justification for any base budget change, as well as for any proposed investment in new and enhanced services.

Inflation/Economic Factors

As indicated above, the 2008 Operating Budget was developed based on the direction that services and service levels approved in 2007 should be maintained. Based on this premise, a key element of the budget process was to forecast inflationary or economic factors that should be applied against 2007 expenditures in order to estimate the 2008 cost of continuing to provide the prior year approved services and service levels.

The City consumes a wide range of commodities with varying inflationary impacts to provide its services. Some goods and services are quite volatile when compared to the general rate of inflation, as is the case with gas and oil products. As a result, the City uses a commodity specific price schedule that is more reflective of the behaviour of specific goods and services on which it spends substantive amounts.

The economic factors used in producing the 2008 Operating Base Budget are listed in Table 5. It is noted that contracts with fixed prices over their term are not adjusted for inflation. Where contracts specify 2008 prices, such expenditures are adjusted in the operating budget to reflect the contracted price for 2008. Also notable is that at $0.8457 per litre, the TTC signed a favourable contract for diesel, resulting in a price decrease of 1.2% compared to 2007. The Financial Planning Division continues to monitor all economic factors throughout 2008 and will recommend appropriate adjustments, if warranted.

2008 OPERATING BUDGET SUMMARY

Table 5

2008 Operating Budget Inflation/Economice Factors

Printing & Paper Products	0.0%
Food	4.4%
Hydro	3.0%
Steam Heating	4.0%
Gas	3.0%
Diesel – TTC	(1.2%)
Diesel – Other	3.0%
Natural Gas	0.0%
Water	9.0%
Postage	1.9%
Telephone	2.3%
Aggregates – Bldg/Trade Mat.	5.0%
Salt	5.0%
Medical Supplies	5.0%
Contracted Services	Per contract
General	2.0%

2008 Operating Budget Overview

The 2008 Operating Budget is $8.171 billion representing an increase of $311.064 million or 4% over 2007 (see Table 6). Salaries and benefits of $3.937 billion constitute the largest expenditure component, approximating 48% of the gross expenditure budget. Salaries and benefits increased by $159 million or 4.2% over 2007. The major funding sources are property tax revenues, user fees, and provincial and federal grants and subsidies.

Gross Expenditures for City Operations increased by $111 million or 2.5%, compared to $95 million or 3.7% for Agencies, Boards, Commissions. Non Program expenditures increased by $105 million or 11.3%. Major contributors to these increases are as follows:

2008 OPERATING BUDGET SUMMARY

2008 Operating Budget by Category

Table 6

($ Millions)

	2007 Approved Budget	2008 Approved Budget		Change from 2007 Approved Budget	
	$	$	%	$	%
Gross Expenditures:					
Salaries and Benefits	3,777.7	3,936.8	48.2%	159.1	4.2%
Materials and Supplies	438.7	461.6	5.6%	22.9	5.2%
Equipment	43.4	41.0	0.5%	(2.4)	(5.5%)
Services and Rents	1,095.1	1,159.8	14.2%	64.7	5.9%
Contributions and Transfers	1,549.3	310.7	3.8%	(1,238.6)	(79.9%)
Other (Includes IDCs)	955.4	2,260.7	27.7%	1,305.3	136.6%
Total Gross Expenditures	**7,859.6**	**8,170.6**	**100.0%**	**311.0**	**4.0%**
Funded by:					
Provincial & Federal Grants and Subsidies	1,823.6	1,974.0	24.2%	150.4	8.2%
User Fees	1,206.5	1,273.8	15.6%	67.3	5.6%
Reserves/Reserve Funds	571.3	363.7	4.5%	(207.6)	(36.3%)
New Taxation Revenues	—	175.0	2.1%	175.0	n/a
Other (Includes IDRs)	1,037.5	1,069.6	13.1%	32.1	3.1%
Total Non-tax Revenues	**4,638.9**	**4,856.0**	**59.4%**	**217.1**	**4.7%**
Net Budget – Property Tax Revenues	**3,220.7**	**3,314.6**	**40.6%**	**93.9**	**2.9%**

City Operations:

- Children's Services ($19.405 million gross or 5.7% increase) – this increase is attributed primarily to cost of living allowance and inflationary adjustments, purchase of 500 additional child care spaces under the Ontario Works Advanced Child Care Start-up Benefits, and completion of the Aboriginal Child Care Centre;
- Homes for the Aged ($13.697 million or 7.1% increase) – key cost drivers include COLA, fringe benefits and harmonization costs of part-time union staff;
- Parks, Forestry and Recreation Services ($17.084 million gross or 5.6% increase) – this is attributed to annualization of 2007 approved new services, union settlements and wage increases for exempt staff, non-labour inflation factors, operating impacts of new facilities and parkland, and investments in new and enhanced services;
- Fire Services ($15.024 million gross or 4.4% increase) – the increase is attributed to the full year impact of COLA for Firefighters' Local 3888, recognition pay, facility maintenance increases, and contributions to reserves for portable radio replacement increase; and,
- Solid Waste Management Services ($24.995 million gross or 9.9% increase) – this increase is attributed to annualized cost of new services approved in 2007, union settlements and wage increases for exempt staff, economic factors, and investments in new and enhanced services.

2008 OPERATING BUDGET SUMMARY

Agencies, Boards and Commissions:

The 2008 Operating Budget Expenditure increase for ABCs is primarily attributed to Toronto Police Service and TTC, driven by the following:

- TTC Conventional Services increase of $72.521 million or 6.7% (exclusive of cost of living allowance which is subject to collective bargaining), is attributed to annualized cost of 2007 approved new services, annualization of April 2007 wage increase, increase in pension contribution, non-discretionary expenditures for increased medical, dental & other benefits, increased accident claims, non-salary economic factors, and increase service costs to deliver 450 million rides in 2007.
- Toronto Police Service increase of $10.293 million or 1.2% (exclusive of cost of living allowance which is subject to collective bargaining) is attributed to increased fringe benefits, the annualized impacts of 2007 separations, replacements & reclassifications, the full year impact of 15 new provincial courts opened in 2007, and an increased reserve contributions for lifecycle replacement.

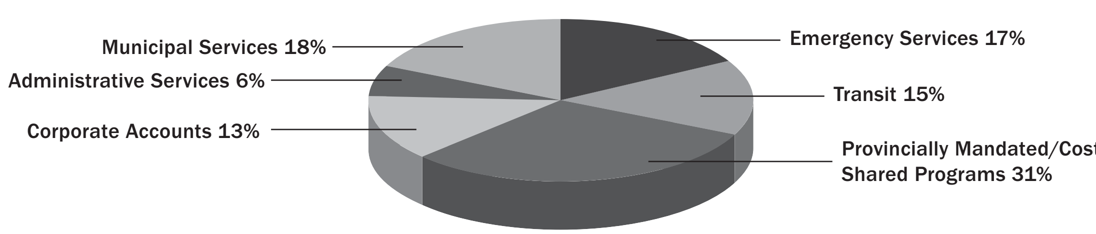
Corporate Accounts:

Corporate Accounts gross expenditures increased by $105.302 million or 11.3% over the 2008 Operating Gross Budget. Debt Service Charges were the principal cause of this increase of $35.9 million or 8.8%, reflecting the annualized debt repayment of the 2007 Approved Capital Budget. In addition, contributions to capital increased by $12.4 million. Included in the Corporate Accounts is an estimate of COLA for the Toronto Police Service and TTC.

Where the 2008 Gross Operating Budget is Spent

Chart 2 reveals that only 18% of the 2008 Approved Gross Operating Budget of $8.171 billion is allocated to Municipal Services. Provincially Mandated Programs represent approximately one-third of the budget, which confirms that much of the City's resources is diverted from core municipal services to fund social services programs. Together, Transit and Emergency Services account for another 32% of the City's total expenditure budget. The above pattern has been consistent since amalgamation. It should be noted that Capital Financing of $598 million makes up the majority of Corporate Accounts.

Chart 2 **31% of the 2008 Gross Expenditure Budget ($8.2 billion) Allocated to Provincially Mandated Program**



2008 OPERATING BUDGET SUMMARY

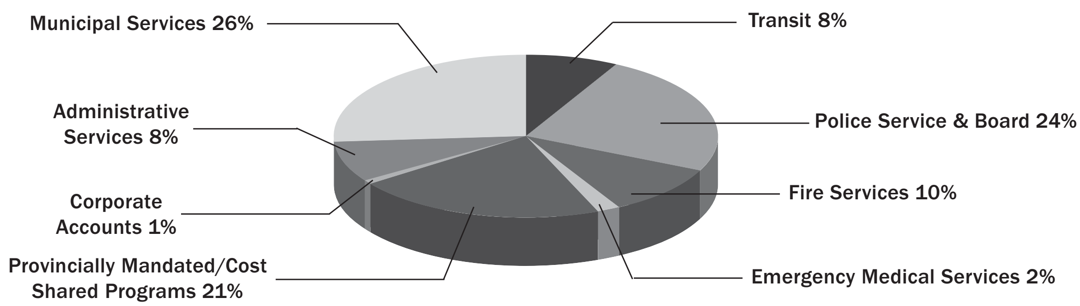
2008 Net Operating Budget

The 2008 Net Operating Budget (or Net Expenditures) refers to the amount of the City's total expenditures that are to be funded by property tax revenues (after other revenue sources are applied). The 2008 Net Operating Budget is $3.315 billion, representing an increase of $93.986 million or 2.9% over 2008.

It is noted that as a proportion of the gross operating budget, the net budget has declined consistently from a high of 46% in 1999 to 40.7% in 2008. The change in 2008 is mainly attributed to the introduction of the MLTT the PVT, which together will generate sustainable revenues totalling $175 million.

Chart 3 illustrates where the 2008 Net Operating Budget will be spent. As indicated in the Chart, 26% of the net budget is allocated to Municipal Services, compared with 36% to Emergency Services. Approximately 24% of the net budget is allocated to Toronto Police Services, and 21% to fund provincially mandated/cost shared programs. In effect, two-thirds of the 2008 property tax levy will be spent on Emergency Services, Provincially Mandated Programs and Transit.

Chart 3 **36% of the 2008 Net Expenditure Budget ($3.3 billion) Allocated to Emergency Services**



2008 Operating Budget – Approved Positions

As indicated in Table 7, a total of 48,740.7 positions, comprised of 44,557.6 permanent and 4,183.1 temporary positions, are required to deliver 2008 services through City Programs and ABCs. Compared to 2007, this represents an increase of 635.9 positions or 1.3%.

The Tax Supported Operations include an increase of 631.2 positions or 1.4% over 2007 approved positions. Increase in approved position for City Operations is 246.4 of which 128.6 or 52.2% is attributed to Citizen Centred Services "A", followed by 77.9 positions or 31.6% to Internal Services.

Citizen Centred Services "A" – increase of 128.6 positions is primarily attributed to the following Programs:

- *Homes for the Aged* – increase of 46 permanent positions – 12 new positions to transition employees currently relying on WSIB back to work on modified duties; 20 new positions to respond to an increase in resident acuity; 14 new positions for Infection Prevention and Enhanced Nutritional and Support to ensure compliance with the new Long Term Care (LTC) Act.
- *Parks, Forestry and Recreation* – increase of 56.3 positions – this increase is primarily to operate new parkland and facilities coming into service.

2008 OPERATING BUDGET SUMMARY

Approved Positions included in 2008 Operating Budget

Table 7

Program/ABCs	2007 Approved Positions	2008 Approved Positions	Change from 2007	% Change from 2007
Citizen Centred Services "A"	11,770.0	11,907.8	137.80	1.2%
Citizen Centred Services "B"	7,468.8	7,490.7	21.90	0.3%
Internal Services	2,207.6	2,285.5	77.90	3.5%
City Manager's Office & Other City Programs	1,266.0	1,274.5	8.50	0.7%
Total City Operations	**22,712.4**	**22,958.5**	**246.10**	**1.1%**
Agencies, Boards & Commissions	23,415.6	23,803.9	388.30	1.7%
Total Tax Supported Operations	**46,128.0**	**46,762.4**	**634.40**	**1.4%**
Rate Supported Operations	**1,976.8**	**1,981.5**	**4.70**	**0.2%**
Total Approved Positions	**48,104.8**	**48,743.9**	**639.10**	**1.3%**

- *Social Services* – increase of 32 temporary positions of which 24 are required to manage the projected increase in the monthly average caseload from 75,000 to 77,000 cases. An additional 2 temporary positions are required to support the Partnership to Advance Youth Employment program (PAYE), a joint initiative between private employers and the City of Toronto (50% funded by the Province) established to respond to the City's Safe Communities, Strong Neighbourhoods Strategy; and 6 temporary positions to support new service priority, Woodbine Entertainment Redevelopment.

The increase of 77.9 approved positions in Internal Services is mainly in the Office of the Treasurer and Facilities & Real Estate and is required for capital projects and implementation of new taxes and Solid Waste user fees:

- *Office of the Treasurer* – increase of 33 positions – 12 new temporary positions are required for the implementation of capital projects, and 21 new permanent positions are required to implement new initiatives such as the Municipal Land Transfer Tax, the design, development and sustainment of the Solid Waste Billing System and to support procurement activities in the Solid Waste Management 70% Diversion Program; and,
- *Facilities and Real Estate* – increase of 42.9 positions primarily to provide the following new and enhanced services attributed to the following capital projects: Sustainable Energy Plan; additional custodial services; corporate security services at Union Station and at various Toronto Water locations; Conservation and Demand Response; and, Union Station Revitalization Implementation.

Agencies, Boards and Commissions collectively require an additional 389.5 new positions to deliver their operating programs, representing a 1.6% increase over 2007. The increases are predominately for TTC with an offsetting reduction in Toronto Public Health.

- *Toronto Transit Commission* – increase of 422 positions primarily to support service requirements associated with an increase in ridership to 464 million riders; and, Ridership Growth Strategy – Off-Peak Improvements, which involves standardizing the hours of all surface routes to match the subway hours of operation from 6 a.m. to 1 a.m.
- *Public Health* – decrease of 44.3 base positions: 44 permanent and temporary positions are no longer required for one-time 100% externally funded health services programs; 10 permanent and temporary positions are reduced as a result of efficiencies and service level reductions; and, a reduction of three permanent positions due to the re-organization of the Heat Alert Outreach Program. In addition, 12.7 positions are required to expand and enforce the Dog and Cat Licensing Strategy.

2008 OPERATING BUDGET SUMMARY

A briefing note that discusses approved position changes incorporated in the 2008 Operating Budget is available on the City's website at the following address: *www.toronto.ca/budget2008/briefingnotes_operating.htm*

User Fees and Charges – Revenue Impact

In accordance with the City of Toronto Act, 2006 and other relevant legislation, the City and its Agencies, Boards and Commissions charge user fees to recover the cost of services when it is established that a direct benefit or advantage is conferred upon specific persons, businesses or groups of persons and not the citizens of Toronto as a whole.

Table 8 below summarizes incremental revenues from new, or changes to existing user fees by City Programs and ABCs. As indicated in the table, new user fees and changes to existing user fees proposed in the 2008 Approved Operating Budget will generate revenues totalling $11.489 million in 2008. This is comprised of $8.182 million from increasing existing fees, and $3.307 million from new user fees. Existing user fees were adjusted either for inflation, to reflect market prices, or to recover the full cost of the respective user fee service. A detailed list and analysis of changes to existing user fees and new user fees introduced as part of the 2008 Operating Process is available on the City's Website at *www.toronto.ca/budget2008/briefingnotes_operating.htm*

2008 USER FEE CHANGE AND NEW SUMMARY

Table 8

Program	2008 Incremental Revenue Impact on Base $	2008 Incremental Revenue Impact on New $	2008 Total Incremental Revenue Impact $
Court Services		324,000	324,000
Economic Development, Culture & Tourism	48,600	—	48,600
Emergency Medical Services	21,245	—	21,245
Parks, Forestry & Recreation	816,900	2,340,000	3,156,900
City Planning	726,670		726,670
Municipal Licensing & Standards	523,100		523,100
Toronto Building Services	1,165,883		1,165,883
Solid Waste Management Services	(909,000)		(909,000)
Transportation Services	3,889,900		3,889,900
Office of the Treasurer – Revenue Services	1,848,000	642,340	2,490,340
City Clerk's Office	10,475		10,475
Theatres – St. Lawrence Centre for the Arts	15,395		15,395
Toronto Zoo	25,000		25,000
Revenue Impact on Fee Changes	**8,182,169**	**3,306,340**	**11,488,508**

2008 OPERATING BUDGET SUMMARY

New Investments in the 2008 Operating Budget – Highlights

Despite the emphasis on cost containment and fiscal restraint in order to find permanent solutions for the structural deficit, limited and strategic investments in key initiatives that advance the Mayor's priorities and Council's policy agenda have been considered. The following highlights (by major themes) new and enhanced services and initiatives included in the 2008 Operating Budget which total $56.703 million gross, and $12.385 million net.

Public Transit

- Run all City bus routes from 6 am to 1 am on weekdays effective November 2008 ($2.616 million gross and net)
- Operate 100 new Ridership Growth Strategy buses to relieve peak overcrowding effective November 2008 ($1.000 million gross and net)
- Open new bus garage to house 100 new Ridership Growth Strategy buses ($1.996 million gross and net)
- Invest in improving the cleanliness and appearance of subway stations ($1.250 million gross and net)
- Reduce occupational injury rates by instilling safety as a culture in the TTC ($2.644 million gross and net)
- Establish Health and Wellness Program – to reduce absenteeism due to sickness and to improve the general physical well-being of TTC staff ($0.673 million gross and net)

70% Waste Diversion

- To achieve the 70% Waste Diversion Target by 2010, ($16.849 million gross and $0 net), Solid Waste Management Services will:
  - Implement volume-based user fees for waste collection for apartments, condominiums and single family homes in order to encourage more reuse and recycling;
  - Provide single unit residences with larger recycling carts that will increase their ability to recycle. Multi-unit residences will also be provided with on-floor recycling carts;
  - Expand the range of recyclable materials in the blue box to include: polystyrene and plastic film which could divert 3500 tonnes annually;
  - Expand the Green Bin program to include apartments & condominiums;
  - Implement Collection of Usable and Durable Goods for all residents for reuse and recycling (once every two weeks); and
  - Establish a reusable goods drop-off centres to provide residents with a one-stop location for reusable goods.
- Honour City's stewardship of the environment by contributing to the Perpetual Care of Landfills Reserve Fund ($3.500 million gross and $0 net)
- Develop, maintain and support a new billing system to integrate the solid waste billing system with the current water billing system to produce one utility bill ($1.110 million gross and $0 net)

2008 OPERATING BUDGET SUMMARY

Climate Change

- Provide incentives to achieve, through demand response measures, 90 MW of energy savings, in partnership with Ontario Power Authority ($3.220 million gross and $0 net)
- Live Green Toronto – Establish a social marketing and local food campaign to assist Toronto's neighbourhoods and communities to take action on climate change ($0.800 million gross and net)
- Provide tree maintenance on 2,300 trees annually on Arterial/Main Streets and Commercial Areas ($0.700 million gross, $0 net and 1 position)
- Remove Tree Hazards on pathways, picnic areas and park entrances ($0.705 million gross and net and 3 positions)
- Provide funding for the Smart Commute Initiative to implement workplace-based transportation demand management strategies within Metrolinx ($0.280 million gross and $0.150 million net)
- Purchase Green Power to meet electricity requirements of City Hall ($0.500 million gross and net)
- Develop and implement a strategy to address forecast changes in weather patterns ($0.085 million gross and net)
- Establish dedicated financial portfolio management for the Sustainable Energy Plan initiatives ($0.238 million gross and $0 net)
- Establish Green Economic Sector Development Initiatives for the Toronto Discovery District – District Energy Assessment, the Municipal Green Vendors Trade Fare and the Green Manufacturing Action Team/ Plan ($0.075 million gross and net)

Public Spaces

- Increase Neighbourhood Beautification project funding to $20,000 per ward ($0.220 million gross and $0 net), that will provide $3,000 per ward for a neighbourhood based community project and $17,000 per ward for Demonstration Projects that will transform and enhance neighbourhood
- Orphan Spaces Clean-Up – Implement Final Phase of maintenance of 360 landscaped orphaned areas on City streets and boulevards ($0.400 million gross and $0 net)
- Establish Public Realm Office – to improve the public realm including the deployment of over 3,500 new street furniture elements in 2008 ($3.598 million gross and $0 net)
- Open new Waterfront parkland and facilities ($0.799 million gross and net)
- Improve service delivery in Community Planning, Heritage Preservation Services, Urban Design and Transportation Planning ($0.500 million gross and net, and 12 positions)
- Establish Unit to begin implementing the Union Station Revitalization project ($0.410 million gross and $0 net)

Creative City

- Install Stingray Touch Tank Exhibit 2008, Toronto Zoo ($0.932 million gross, $1.024 million net revenue)
- Improve Nuit Blanche ($0.505 million gross and net)
- Begin planning for Bicentennial of War of 1812 ($0.048 million gross and $0.025 million net)
- Enhance funding for the Toronto Arts Council, Major Arts Organizations, Local Arts Services Organizations, and the Glenn Gould Protégé Award within the Community Partnership & Investment Program mainly to support the Culture Plan established in 2003. ($1.097 million gross and net)

2008 OPERATING BUDGET SUMMARY

Community Health and Wellness

- Enhance funding for the Community Services Partnership Program and the Service Development Program within Community Partnership & Investment Program to address inflationary pressures and increasing service needs for the Arts and emerging communities and priority neighbourhoods. ($0.467 million gross and net)
- Meet safety requirements as recommended by the SARS Commission Report in Homes for Aged for infection prevention and control demands ($0.544 million gross and $0 net)
- Enhance Nutritional and Support Services to ensure compliance with the new Long Term Care Act within Homes for the Aged ($0.670 million gross and $0 net)
- Increase support for the Streets to Homes Initiative to help people living on the streets find and keep housing ($0.116 million gross, $0 net, 1 position)
- Provide necessary training and supports to Ontario Work clients to find permanent employment through the Woodbine Entertainment Redevelopment project ($0.491 million gross and $0 net)

Public Safety and Security

- Increase reception relief coverage hours at Eastview Neighbourhood Community Centre to ensure security is maintained during weekend and evenings ($0.016 million gross and net)
- Enhance Central Ambulance Communication Centre contingency and disaster recovery planning at EMS ($0.160 million gross and $0 net)
- Establish Fleet Safety and Standards to ensure safe operation of City vehicles and equipment ($0.063 million gross and $0 net)
- Provide funding to the Native Child and Family Services Toronto to develop two aboriginal child care centres that will create an additional 66 child care spaces ($2.928 million gross and $0 net).
- Create new child care centres in three elementary schools that will provide up to 69 additional child care spaces for preschool children and school age children at each site ($2.0 million gross and $0 net)

Improving the Business Climate

- Introduce Financial Services Sector Strategic Initiatives to support the development of an International Centre for Financial Services Training and the Financial Services Information Technology Innovation Initiative ($0.100 million gross and net)
- Continued implementation of the Council Approved Tax Policy to reduce non-residential taxes.

Sinking Fund Levy for 2008

When the City issues debentures, the City of Toronto Act 2006 requires that the principal repayment must be amortized over the term-to-maturity of the debenture or an annual amount be contributed to a sinking fund. Sinking funds are required by provincial legislation and established to ensure that adequate financing is available at a debenture's maturity. Currently, the City has three separate sinking fund portfolios (4%, 5% and 6%) associated with its debenture issues. Each portfolio represents a specific actuarial rate of return that is used in calculating the required annual contribution. The Sinking Fund Committee, consisting of four citizen members appointed by Council and the Chair who is the Deputy City Manager and Chief Financial Officer, is responsible for the administration and management of all sinking fund investment portfolios.

As Trustee of these portfolios, the Sinking Fund Committee exercises its fiduciary responsibility by achieving the specified actuarial rates of return while ensuring compliance with legislative and policy limits. This is accomplished through the prudent investment management of the annual sinking fund contributions, the re-investment of interest income, and achieving capital gains as appropriate.

Sinking Fund Levies for 2008

Section 255(4) of the City of Toronto Act 2006 states that:

"If in any year an amount is or will be required by law to be raised for a sinking fund or retirement fund of the City, the city treasurer shall prepare for city council, before the budget for the year is adopted, a statement of the amount.

Amounts required by bylaw (as amended by the Ontario Municipal Board orders to reduce levies) to be raised in 2008 by Council for deposit in the City of Toronto Sinking Fund are provided for as follows:

City of Toronto	$ 192,652,253.83
Toronto District School Board	2,293,802.99

This requirement is addressed in this report. The sinking fund deposit for the City's requirements forms part of the City's 2008 operating budget and is included in Capital & Corporate Financing, "Debt Charges". While Council is required to levy the sinking fund deposit on behalf of the Toronto District School Board, it is not included in the City's operating budget as it is fully recovered from the TDSB.

2008 OPERATING BUDGET SUMMARY

2009 Outlook

Included in the 2008 Operating Budget are several revenue strategies and cost factors that will impact the estimated cost of providing the same level of services in future years. For instance, initiatives approved for part-year implementation in 2008 (for example, transit ridership growth strategy) will result in increased costs when the full-year financial impact is incorporated in future years. Similarly, unsustainable (non-recurring) revenues used as funding sources in the operating budget will result in budgetary pressures in future years when these revenue sources are no longer available. Table 9 below shows the incremental cost of providing in 2009, the same services and service levels proposed in the 2008 Operating Budget.

2009 Outlook – Incremental Impacts

Table 9

		$ Millions
Expenditurres Increases:		
– Inflation, Cost of Living Allowance and Merit	147.0	
– Capital Financing	46.9	
– Annualization and Other	74.9	268.8
Revenue Change:		
– TTC Ridership	(15.3)	
– Provincial Upload – ODSP Administration	(20.0)	
– New Taxation Revenue	(50.0)	(85.3)
Unsustainable 2008 Budget Balancing Strategies:		
One-time Provincial Assistance:		
– Transit Operations	100.0	
– Transit Debt Service Costs	49.0	149.0
City One-Time:		
– Reserve Draws – City Programs	37.5	
2009 Outlook/Beginning Pressure		**455.3**

Expenditure increases to deliver the 2008 Council approved services and service levels in 2009 are primarily driven by inflation and cost of living allowances. It is estimated that inflation on goods and services, cost of living adjustments (COLA), merit and step increases will approximate $147 million; while annualization of new and enhanced services and other initiatives introduced in the 2008 Operating Budget will increase 2009 costs by $74.9 million. In addition, it is estimated that capital financing costs will increase by $46.9 million based on Council's approval of the 2008-2012 Capital Plan.

2008 OPERATING BUDGET SUMMARY

The incremental cost of providing the 2008 approved services and service levels in 2009 is estimated at $268.8 million, which contributes to the 2009 beginning budget pressure.

Incremental revenues associated with the annualization of the Municipal Land Transfer Tax and the Vehicle Ownership Tax will generate an additional $50 million of sustainable revenues; while projected increase in the Toronto Transit Commission Ridership Revenues will result in incremental sustainable revenues of $15.3 million. Furthermore, the Province has committed to upload the ODSP cost of administration which will reduce expenditures by $20 million. As shown in Table 9, by netting these revenue increases and the upload of ODSP against the expenditure pressure of $268.8 million, the 2009 Operating Pressure before the impact of unsustainable revenues is $183.5 million.

Non-recurring revenues in the 2008 Operating Budget include: Provincial assistance for TTC of $149 million; unsustainable City revenues such as Social Programs' reserve draws of $37.5 million; and, the 2007 Surplus of $85.3 million used as a revenue source in the 2008 Operating Budget. These non recurring revenues will contribute and additional $271.8 million to the beginning 2009 Budget Pressure.

A number of one-time revenues will require permanent replacement in order to minimize the 2009 budget pressures. While the City's budgetary policies and good fiscal management practices preclude the use of one-time revenues in the operating budget, this was again necessary in 2008 because of the ongoing structural deficit problem. In effect, the non-recurring revenues will increase the beginning 2009 budget pressure to $455.3 million.

RATE SUPPORTED PROGRAM

Rate Supported Programs include Toronto Water and Toronto Parking Authority. The 2008 Approved Rate Supported Operating Budget totals $740.792 million. Toronto Water's Approved Operating Budget totals $677.393 million representing an increase of $29.172 million or 4.5% over the program's 2007 Operating Budget. Toronto Parking Authority's 2008 gross operating budget of $93.398 million reflects an increase of $5.594 million or 9.7% increase over the 2007 Operating Budget.

Toronto Water

Toronto Water is committed to providing its customers with quality water services through supplying drinking water and treatment of wastewater essential for protecting public health and safety, in an environmentally responsible manner. By providing superior water quality and sewage services at reasonable prices, the Program will become the service provider of choice, and renowned worldwide as a centre of expertise.

Toronto Water's successes are often of a cumulative nature and accomplished over a number of years. The theme of the Capital and Operating Budgets is "Building a Better Tomorrow" and reflects the level of investment that is required to meet the needs of the community. The Program's objectives for 2008 and beyond have been extensively documented in the Toronto Water Multi-Year Business Plan adopted by Council in 2005. Toronto Water will achieve its mission statement through the following major objectives:

- Planning for the necessary investment to ensure drinking water quality continues to exceed the Provincial legislative requirements.
- Renew and rehabilitate aging infrastructure. This requires significant long-term infrastructure investment.
- Establish a rate structure that will enable the City to finance the accelerated capital investment needed to address the system's significant infrastructure deficit.
- Respond effectively to recent and anticipated changes in the legislative environment, and increase strategic policy focus on water and wastewater long term issues.

2008 OPERATING BUDGET SUMMARY

- Provide adequate and effective attention to source water protection as a key component to protect the quantity and quality of surface and ground water supplies before they are captured for human use.
- Meet stringent new provincial reporting requirements, including the pending full cost accounting, reporting of said costs, and full recovery.
- Standardize and harmonize processes and practices, both in the plants and in the district operations areas, with continuous improvement initiatives to ultimately improve customer service delivery.

All operating revenues received by Toronto Water are generated from user fees and charges for water consumption and sewage treatment. There is no reliance on the property tax base to support Toronto Water's services. To fund the operating requirements and capital contribution, a water rate increase of 9% was necessary had has been incorporated in the 2008 Approved Operating Budget.

2008 Approved Operating Budget by Service

Table 10

($000s)

	2006		2007		2008		Change Over 2007				2009	2010
	Gross	Net	Gross	Net	Gross	Net	Gross		Net		Gross	Gross
			$		$		$	%	$	%	$	$
Water Production	62,926	62,,926	65,913	65,913	67,525	67,525	1,611	2%	1,612	2%	69,819	69,960
Wastewater Treatment	86,615	89,615	104,938	104,938	109,709	109,709	4,771	5%	4,771	5%	113,438	116,386
District Operations	106,099	106,099	111,481	111,481	99,209	99,209	(12,272)	-11%	(12,272)	-11%	102,449	105,227
Water Infrastructure Mgmt.	5,637	5,637	6,787	6,787	6,778	6,778	(8)	0%	(8)	0%	7,098	7,441
Capital Financing	245,097	245,097	411	411	0	0	(411)	-100%	(411)	-100%	244	972
Business Operations Mgmt.	11,484	11,484	12,315	12,315	13,064	13,064	750	6%	750	6%	13,684	14,192
Operational Support	14,993	14,993	16,671	16,671	18,723	18,723	2,053	12%	2,053	12%	19,626	20,426
Program Support	74,600	74,600	60,822	60,822	60,198	60,198	(624)	-1%	(624)	-1%	61,676	62,925
Revenues		(610,451)	0	(648,221)	0	(677,393)	0	n/a	(29,172)	5%	0	0
Total Program Budget	**607,451**	**0**	**379,338**	**(268,884)**	**375,207**	**(302,186)**	**(4,130)**	**-1%**	**(0)**	**0%**	**388,034**	**397,530**

2008 OPERATING BUDGET SUMMARY

Toronto Parking Authority (TPA)

The Toronto Parking Authority exists to provide safe, attractive, self sustaining, conveniently located and competitively priced off-street and on-street public parking as an integral component of Toronto's transportation system. TPA's 2008 Operating Expenditure Budget is $63.498 million, reflecting an increase of 5.694 million or 9.8% over 2007. TPA's revenues are exclusively generated from parking fees. In 2008 TPA will generate total revenues of $113.115 million resulting in a net operating budget surplus of $49.617 million.

Key services to be provided by the Toronto Parking Authority in 2008 include the following:

- Operates approximately 20,000 off-street spaces in 180 facilities including 22 parking garages, as well as 18,000 on-street spaces controlled by pay-and-display technology or single spaced meters.
- The Authority manages on behalf of the Toronto Transit Commission, 14,000 spaces at their park-and-ride facilities and parking areas on behalf of the Parks, Forestry and Recreation Program serving the waterfront parks during the summer season.

Toronto Parking Authority 2008 Approved Operating Budget by Service

Table 11

($000s)

	2006		2007		2008		Change Over 2007				2009	2010
	Gross	Net	Gross	Net	Gross	Net	Gross		Net		Gross	Gross
			$		$		$	%	$	%	$	$
Water Production	43,866	(15,318)	46,082	(18,153)	50,364	(19,224)	4,282	9%	(1,072)	6%	51,900	53,200
Wastewater Treatment	10,935	25,065	11,723	(26,277)	13,135	(30,392)	1,412	12%	(4,116)	16%	13,540	13,750
Total Program Budget	**54,801**	**(40,383)**	**57,805**	**(44,429)**	**63,499**	**(49,617)**	**5,694**	**10%**	**0**	**0%**	**65,440**	**66,950**

SUMMARY

The City of Toronto's total 2008 approved tax levy and rate supported operating budget is $8.915 billion as shown in Table 12. Gross expenditures increased by $345.9 million or 4.0% when compared with 2007. This increase is reflective of the effort made to find cost savings through cost containment, efficiencies and generally cost control. Table 12 also illustrates the 2008 approved levy net budget increase of 2.9% which conforms to the strategic direction to raise property taxes by no more than the City of Toronto rate of inflation, if necessary. The 2008 Operating Budget was balanced because of Council's decision to institute a Municipal Land Transfer Tax and a Personal Vehicle Tax that will generate new revenues of $175 million in 2008. These revenues are sustainable and therefore, will contribute significantly toward fixing the City's structural deficit. To balance the Toronto Water budget, a rate increase of 9% was required.

2008 OPERATING BUDGET SUMMARY

2008 Approved Operating Budget Tax Levy and Rate Supported Programs

Table 12

($000s)

	2007		2008		Change Over 2007			
	Gross	Net	Gross	Net	Gross		Net	
	$	$	$	$	$	%	$	%
Property Tax Levy Operations	7,859.6	3,220.7	8,170.6	3,314.6	311.1	4.0%	94.0	29%
Rate Supported Program	706.0	(44.4)	740.9	(49.6)	34.9	4.9%	(5.2)	11.8%
Total Budget	**8,565.6**	**3,176.3**	**8,911.5**	**3,265.0**	**345.9**	**4.0%**	**88.8**	**2.8%**

Overall, the 2008 Approved Operating Budget balances short-term service needs against long-term objectives. Since amalgamation, this is the first year the City has presented a balanced budget. This is a tremendous achievement for the City in building a City that is liveable and provides prosperity and opportunity for everyone. This budget demonstrates the City's ability to contain costs and ensure our spending is focused in the areas that have the greatest impact on the quality of life for Toronto residents.

2008 COUNCIL APPROVED OPERATING BUDGET

Gross Expenditure

(In $000's)	2006 Approved Budget	2007 Approved Budget	2008 Approved Base Budget	
Citizen Centred Services "A"				
Affordable Housing Office	3,018.1	3,186.3	3,031.5	
Children's Services	379,350.7	341,368.8	358,545.4	
Court Services	32,459.3	35,586.5	39,334.6	
Economic Development, Culture & Tourism	36,509.4	34,266.1	32,222.9	
Emergency Medical Services	142,528.2	148,007.1	151,744.9	
Homes for the Aged	186,005.2	192,916.0	205,399.0	
Parks, Forestry & Recreation	289,166.3	304,994.4	318,492.8	
Shelter, Support & Housing Administration	717,764.9	720,693.8	709,990.1	
Social Development, Finance & Administration	27,954.9	28,454.2	27,207.0	
Social Services	1,037,486.7	1,071,375.9	1,059,457.6	
3-1-1 Customer Service Strategy	4,579.5	3,020.2	3,458.7	
Sub-Total Citizen Centred Services "A"	2,856,823.2	2,883,869.3	2,908,884.5	
Citizen Centred Services "B"				
City Planning	32,237.2	34,265.6	34,773.9	
Fire Services	335,386.4	341,023.0	356,046.6	
Municipal Licensing & Standards	33,610.3	33,762.6	34,149.7	
Policy, Planning, Finance and Administration	13,720.3	44,636.8	43,189.7	
Solid Waste Management Services	228,849.4	251,733.3	256,379.7	
Technical Services	58,462.5	59,487.3	59,678.4	
Toronto Building	38,853.6	40,083.2	41,912.6	
Transportation Services	276,241.7	255,879.7	258,952.5	
Waterfront Secretariat	993.5	1,317.9	1,412.7	
Sub-Total Citizen Centred Services "B"	1,018,354.9	1,062,189.4	1,086,495.7	
Internal Services				
Office of the Chief Financial Officer	13,215.5	13,671.7	14,244.4	
Office of the Treasurer	63,157.7	63,347.2	65,425.4	
Public Information & Creative Services	4,808.4	4,786.6	4,771.7	
Facilities & Real Estate	117,761.2	124,536.0	126,959.5	
Fleet Services	34,688.2	36,087.2	41,396.9	
Information & Technology	52,661.6	56,700.0	57,225.4	
Sub-Total Internal Services	286,292.6	299,128.7	310,023.3	
City Manager				
City Manager's Office	39,518.5	39,844.4	39,651.5	
Sub-Total City Manager	39,518.5	39,844.4	39,651.5	
Other City Programs				
City Clerk's Office	48,655.3	44,320.4	45,097.0	
Legal Services	29,420.5	31,815.9	36,050.5	
Mayor's Office	1,886.2	2,441.2	2,601.1	
City Council	18,761.5	19,370.4	19,743.7	
Sub-Total Other City Programs	98,723.5	97,947.9	103,492.3	

Change from 2007 Approved Budget		2008 Approved New/Enh. Budget	2008 Approved Budget	Change from 2007 Approved Budget	
$ Incr/(Dcr)	%			$ Incr/(Dcr)	%
(154.8)	(4.9%)	0.0	3,031.5	(154.8)	(4.9%)
17,176.6	5.0%	2,228.0	360,773.4	19,404.6	5.7%
3,748.1	10.5%	0.0	39,334.6	3,748.1	10.5%
(2,043.2)	(6.0%)	1,028.0	33,250.9	(1,015.2)	(3.0%)
3,737.8	2.5%	223.7	151,968.6	3,961.5	2.7%
12,483.0	6.5%	1,214.3	206,613.3	13,697.3	7.1%
13,498.4	4.4%	3,585.1	322,077.9	17,083.5	5.6%
(10,703.7)	(1.5%)	116.4	710,106.5	(10,587.3)	(1.5%)
(1,247.2)	(4.4%)	0.0	27,207.0	(1,247.2)	(4.4%)
(11,918.3)	(1.1%)	491.9	1,059,949.5	(11,426.4)	(1.1%)
438.5	14.5%	272.0	3,730.7	710.5	23.5%
25,015.2	0.9%	9,159.4	2,918,043.9	34,174.6	1.2%
508.3	1.5%	542.7	35,316.6	1,051.0	3.1%
15,023.6	4.4%	0.0	356,046.6	15,023.6	4.4%
387.1	1.1%	0.0	34,149.7	387.1	1.1%
(1,447.1)	(3.2%)	2,496.0	45,685.7	1,048.9	2.3%
4,646.3	1.8%	20,349.0	276,728.7	24,995.3	9.9%
191.1	0.3%	673.0	60,351.4	864.1	1.5%
1,829.4	4.6%	0.0	41,912.6	1,829.4	4.6%
3,072.8	1.2%	657.7	259,610.2	3,730.5	1.5%
94.8	7.2%	150.0	1,562.7	244.8	18.6%
24,306.3	2.3%	24,868.4	1,111,364.1	49,174.7	4.6%
572.7	4.2%	0.0	14,244.4	572.7	4.2%
2,078.2	3.3%	4,497.8	69,923.2	6,576.0	10.4%
(14.9)	(0.3%)	0.0	4,771.7	(14.9)	(0.3%)
2,423.5	1.9%	4,166.2	131,125.7	6,589.7	5.3%
5,309.7	14.7%	62.9	41,459.8	5,372.6	14.9%
525.4	0.9%	460.0	57,685.4	985.4	1.7%
10,894.6	3.6%	9,186.9	319,210.2	20,081.5	6.7%
(192.9)	(0.5%)	0.0	39,651.5	(192.9)	(0.5%)
(192.9)	(0.5%)	0.0	39,651.5	(192.9)	(0.5%)
776.6	1.8%	528.1	45,625.1	1,304.7	2.9%
4,234.6	13.3%	630.0	36,680.5	4,864.6	15.3%
159.9	6.6%	0.0	2,601.1	159.9	6.6%
373.3	1.9%	0.0	19,743.7	373.3	1.9%
5,544.4	5.7%	1,158.1	104,650.4	6,702.5	6.8%

2008 COUNCIL APPROVED OPERATING BUDGET

Gross Expenditure

(In $000's)	2006 Approved Budget	2007 Approved Budget	2008 Approved Base Budget
Accountability Offices			
Auditor General's Office	3,881.2	3,988.8	4,147.4
Integrity Commissioner's Office	0.0	200.0	200.0
Lobbyist Registrar	0.0	275.2	429.3
Office of the Ombudsperson	0.0	0.0	0.0
Sub-Total Council Appointed Programs	3,881.2	4,464.0	4,776.7
TOTAL – CITY OPERATIONS	**4,303,593.9**	**4,387,443.7**	**4,453,323.9**
Agencies, Boards and Commissions			
Toronto Public Health	211,898.4	214,719.4	218,738.3
Toronto Public Library	158,572.6	164,313.9	169,988.1
Association of Community Centres	6,304.7	6,987.9	6,914.9
Exhibition Place	47,230.6	53,357.7	53,955.1
Heritage Toronto	671.3	605.9	693.8
Theatres	29,836.9	30,613.9	23,288.7
Toronto Zoo	37,423.1	38,882.5	40,273.1
Arena Boards of Management	5,680.8	5,977.4	6,024.7
Yonge-Dundas Square	1,073.1	1,166.8	1,351.5
Toronto & Region Conservation Authority	33,979.3	36,625.7	36,530.9
Toronto Transit Commission – Conventional	1,037,991.9	1,082,893.5	1,147,299.0
Toronto Transit Commission – Wheel-Trans	63,009.1	68,771.3	73,862.2
Toronto Police Service	796,906.6	831,438.2	841,730.7
Toronto Police Services Board	1,784.6	2,238.3	2,233.9
TOTAL – AGENCIES, BOARDS AND COMMISSIONS	2,432,363.0	2,538,592.4	2,622,884.8
Corporate Accounts			
Community Partnership and Investment Program	40,443.9	42,032.2	41,961.2
Capital & Corporate Financing	477,442.3	549,552.5	597,904.7
Non Program Expenditures			
– Tax Deficiency/Write Offs	89,894.8	82,407.4	81,500.0
– Assessment Function (MPAC)	32,200.0	33,000.0	33,500.0
Temporary Borrowing	400.0	400.0	400.0
– Funding of Employee Related Liabilities	35,487.6	35,494.3	39,496.2
– Programs Funded from Reserve Fund	101,066.6	92,130.4	91,764.2
– Other Corporate Expenditures	9,889.7	11,613.8	58,328.9
– Insurance Premiums & Claims	306.7	312.6	1,800.0
– Parking Tag Enforcement & Operations	42,483.6	44,218.9	45,376.5
– Vacancy Rebate Program	16,500.0	16,500.0	16,500.0
– Corporate Utilities	0.0	500.0	500.0
– Heritage Property Taxes Rebate	718.3	0.0	0.0
Street & Expressway Lighting Services	23,453.6	24,857.8	25,075.3
Non-Program Expenditures	352,400.9	341,435.2	394,241.1

Change from 2007 Approved Budget	
$ Incr/(Dcr)	%
158.6	4.0%
0.0	0.0%
154.1	56.0%
0.0	n/a
312.7	7.0%
65,880.2	**1.5%**
4,018.9	1.9%
5,674.2	3.5%
(73.0)	(1.0%)
597.4	1.1%
87.9	14.5%
(7,325.2)	(23.9%)
1,390.6	3.6%
47.3	0.8%
184.7	15.8%
(94.8)	(0.3%)
64,405.5	5.9%
5,090.9	7.4%
10,292.5	1.2%
(4.4)	(0.2%)
84,292.4	3.3%
(71.0)	(0.2%)
48,352.2	8.8%
(907.4)	(1.1%)
500.0	1.5%
0.0	0.0%
4,001.9	11.3%
(366.2)	(0.4%)
46,715.1	402.2%
1,487.4	475.8%
1,157.6	2.6%
0.0	0.0%
0.0	0.0%
0.0	n/a
217.5	0.9%
52,805.9	15.5%

2008 Approved New/Enh. Budget	2008 Approved Budget	Change from 2007 Approved Budget	
		$ Incr/(Dcr)	%
0.0	4,147.4	158.6	4.0%
0.0	200.0	0.0	0.0%
282.0	711.3	436.1	158.5%
404.3	404.3	404.3	n/a
686.3	5,463.0	999.0	22.4%
45,059.1	**4,498,383.0**	**110,939.3**	**2.5%**
558.1	219,296.4	4,577.0	2.1%
0.0	169,988.1	5,674.2	3.5%
15.8	6,930.7	(57.2)	(0.8%)
42.1	53,997.2	639.5	1.2%
0.0	693.8	87.9	14.5%
0.0	23,288.7	(7,325.2)	(23.9%)
967.0	41,240.1	2,357.6	6.1%
0.0	6,024.7	47.3	0.8%
0.0	1,351.5	184.7	15.8%
832.1	37,363.0	737.3	2.0%
8,115.1	1,155,414.1	72,520.6	6.7%
0.0	73,862.2	5,090.9	7.4%
0.0	841,730.7	10,292.5	1.2%
0.0	2,233.9	(4.4)	(0.2%)
10,530.2	2,633,415.0	94,822.6	3.7%
1,564.0	43,525.2	1,493.0	3.6%
0.0	597,904.7	48,352.2	8.8%
0.0	81,500.0	(907.4)	(1.1%)
0.0	33,500.0	500.0	1.5%
0.0	400.0	0.0	0.0%
0.0	39,496.2	4,001.9	11.3%
0.0	91,764.2	(366.2)	(0.4%)
0.0	58,328.9	46,715.1	402.2%
0.0	1,800.0	1,487.4	475.8%
0.0	45,376.5	1,157.6	2.6%
0.0	16,500.0	0.0	0.0%
0.0	500.0	0.0	0.0%
0.0	0.0	0.0	n/a
0.0	25,075.3	217.5	0.9%
0.0	394,241.1	52,805.9	15.5%

2008 COUNCIL APPROVED OPERATING BUDGET
Gross Expenditure

(In $000's)	2006 Approved Budget	2007 Approved Budget	2008 Approved Base Budget	
Non-Program Revenues				
– New COTA Tax Revenues	0.0	0.0	2,600.0	
– Interest/Investment Earnings	504.5	513.3	564.6	
Non-Program Revenues	504.5	513.3	3,164.6	
TOTAL – CORPORATE ACCOUNTS	**870,791.6**	**933,533.2**	**1,037,271.6**	
TOTAL LEVY OPERATING BUDGET	**7,606,748.5**	**7,859,569.3**	**8,113,480.3**	
NON LEVY OPERATION				
Toronto Parking Authority	54,801.3	57,804.7	63,398.2	
Toronto Water	610,450.7	648,221.3	677,393.3	
TOTAL NON LEVY OPERATING BUDGET	**665,252.0**	**706,026.0**	**740,791.5**	

Change from 2007 Approved Budget	
$ Incr/(Dcr)	%
2,600.0	n/a
51.3	10.0%
2,651.3	n/a
103,738.4	**11.1%**
253,911.0	**3.2%**
5,593.5	9.7%
29,172.0	4.5%
34,765.5	**9.7%**

2008 Approved New/Enh. Budget	2008 Approved Budget	Change from 2007 Approved Budget	
		$ Incr/(Dcr)	%
0.0	2,600.0	2,600.0	n/a
0.0	564.6	51.3	10.0%
0.0	3,164.6	2,651.3	516.5%
1,564.0	**1,038,835.6**	**105,302.4**	**11.3%**
57,153.3	**8,170,633.6**	**311,064.3**	**4.0%**
100.0	63,498.2	5,693.5	9.8%
0.0	677,393.3	29,172.0	4.5%
100.0	**740,891.5**	**34,865.5**	**9.8%**

2008 COUNCIL APPROVED OPERATING BUDGET

Revenue

(In $000's)	2006 Approved Budget	2007 Approved Budget	2008 Approved Base Budget
Citizen Centred Services "A"			
Affordable Housing Office	1,600.0	1,767.8	1,613.0
Children's Services	311,059.7	272,458.6	289,635.2
Court Services	41,959.3	46,706.5	50,393.9
Economic Development, Culture & Tourism	12,212.5	9,675.4	6,967.2
Emergency Medical Services	82,021.3	87,607.0	89,869.7
Homes for the Aged	153,353.3	159,668.3	164,664.6
Parks, Forestry & Recreation	72,961.5	77,549.7	80,049.0
Shelter, Support & Housing Administration	441,191.2	466,931.5	456,227.8
Social Development, Finance & Administration	12,029.7	12,684.7	11,226.6
Social Services	759,609.7	803,669.0	783,683.3
3-1-1 Customer Service Strategy	4,189.6	2,626.9	3,065.4
Sub-Total Citizen Centred Services "A"	1,892,187.8	1,941,345.4	1,937,395.7
Citizen Centred Services "B"			
City Planning	19,042.1	20,668.2	21,222.4
Fire Services	11,130.1	8,666.2	8,176.1
Municipal Licensing & Standards	24,280.8	22,621.7	22,730.2
Policy, Planning, Finance and Administration	1,120.1	19,040.6	17,593.6
Solid Waste Management Services	57,923.1	69,575.2	74,221.6
Technical Services	56,027.4	43,223.6	43,473.0
Toronto Building	50,822.7	51,743.2	53,572.6
Transportation Services	97,901.8	90,312.6	92,298.0
Waterfront Secretariat	166.7	236.2	331.0
Sub-Total Citizen Centred Services "B"	318,414.8	326,087.5	333,618.4
Internal Services			
Office of the Chief Financial Officer	3,274.7	3,567.2	4,055.4
Office of the Treasurer	31,620.8	31,393.2	34,230.4
Public Information & Creative Services	186.1	143.1	78.1
Facilities & Real Estate	64,800.3	69,569.8	71,715.7
Fleet Services	34,688.2	36,087.2	41,396.9
Information & Technology	6,160.0	8,634.7	8,813.5
Sub-Total Internal Services	140,730.1	149,395.2	160,290.1
City Manager			
City Manager's Office	2,546.3	2,453.8	2,260.9
Sub-Total City Manager	2,546.3	2,453.8	2,260.9
Other City Programs			
City Clerk's Office	18,058.9	12,919.0	13,469.6
Legal Services	10,261.4	12,241.7	15,147.5
Mayor's Office	0.0	0.0	0.0
City Council	0.0	0.0	0.0
Sub-Total Other City Programs	28,320.3	25,160.7	28,617.1

Change from 2007 Approved Budget		2008 Approved New/Enh. Budget	2008 Approved Budget	Change from 2007 Approved Budget	
$ Incr/(Dcr)	%			$ Incr/(Dcr)	%
(154.8)	(8.8%)	0.0	1,613.0	(154.8)	(8.8%)
17,176.6	6.3%	2,228.0	291,863.2	19,404.6	7.1%
3,687.4	7.9%	324.0	50,717.9	4,011.4	8.6%
(2,708.2)	(28.0%)	323.0	7,290.2	(2,385.2)	(24.7%)
2,262.7	2.6%	223.7	90,093.4	2,486.4	2.8%
4,996.3	3.1%	1,214.3	165,878.9	6,210.6	3.9%
2,499.3	3.2%	2,740.8	82,789.8	5,240.1	6.8%
(10,703.7)	(2.3%)	116.4	456,344.2	(10,587.3)	(2.3%)
(1,458.1)	(11.5%)	0.0	11,226.6	(1,458.1)	(11.5%)
(19,985.7)	(2.5%)	491.9	784,175.2	(19,493.8)	(2.4%)
438.5	16.7%	0.0	3,065.4	438.5	16.7%
(3,949.7)	(0.2%)	7,662.1	1,945,057.8	3,712.4	0.2%
554.2	2.7%	43.0	21,265.4	597.2	2.9%
(490.1)	(5.7%)	0.0	8,176.1	(490.1)	(5.7%)
108.5	0.5%	0.0	22,730.2	108.5	0.5%
(1,447.0)	(7.6%)	1,461.0	19,054.6	14.0	0.1%
4,646.4	6.7%	20,349.0	94,570.6	24,995.4	35.9%
249.4	0.6%	663.8	44,136.8	913.2	2.1%
1,829.4	3.5%	0.0	53,572.6	1,829.4	3.5%
1,985.4	2.2%	657.7	92,955.7	2,643.1	2.9%
94.8	40.1%	150.0	481.0	244.8	103.6%
7,530.9	2.3%	23,324.5	356,942.9	30,855.4	9.5%
488.2	13.7%	0.0	4,055.4	488.2	13.7%
2,837.2	9.0%	4,497.8	38,728.2	7,335.0	23.4%
(65.0)	(45.4%)	0.0	78.1	(65.0)	(45.4%)
2,145.9	3.1%	4,166.2	75,881.9	6,312.1	9.1%
5,309.7	14.7%	62.9	41,459.8	5,372.6	14.9%
178.8	2.1%	460.0	9,273.5	638.8	7.4%
10,894.9	7.3%	9,186.9	169,477.0	20,081.8	13.4%
(192.9)	(7.9%)	0.0	2,260.9	(192.9)	(7.9%)
(192.9)	(7.9%)	0.0	2,260.9	(192.9)	(7.9%)
550.6	4.3%	276.0	13,745.6	826.6	6.4%
2,905.8	23.7%	630.0	15,777.5	3,535.8	28.9%
0.0	n/a	0.0	0.0	0.0	n/a
0.0	n/a	0.0	0.0	0.0	n/a
3,456.4	13.7%	906.0	29,523.1	4,362.4	17.3%

2008 COUNCIL APPROVED OPERATING BUDGET

Revenue

(In $000's)	2006 Approved Budget	2007 Approved Budget	2008 Approved Base Budget	
Accountability Offices				
Auditor General's Office	0.0	0.0	0.0	
Integrity Commissioner's Office	0.0	0.0	0.0	
Lobbyist Registrar	0.0	0.0	0.0	
Office of the Ombudsperson	0.0	0.0	0.0	
Sub-Total Council Appointed Programs	0.0	0.0	0.0	
TOTAL – CITY OPERATIONS	**2,382,199.3**	**2,444,442.6**	**2,462,182.2**	
Agencies, Boards and Commissions				
Toronto Public Health	148,070.6	164,329.8	167,892.4	
Toronto Public Library	14,094.6	14,635.6	14,314.4	
Association of Community Centres	453.6	751.0	170.0	
Exhibition Place	47,176.7	53,327.7	53,925.1	
Heritage Toronto	331.1	236.1	304.0	
Theatres	26,931.2	26,272.6	19,448.1	
Toronto Zoo	25,753.0	27,337.9	27,552.9	
Arena Boards of Management	5,554.3	5,787.6	5,982.5	
Yonge-Dundas Square	489.8	583.3	768.0	
Toronto & Region Conservation Authority	30,969.5	33,531.5	33,359.8	
Toronto Transit Commission – Conventional	791,685.4	891,343.8	953,091.1	
Toronto Transit Commission – Wheel-Trans	3,040.8	23,005.0	23,511.0	
Toronto Police Service	44,531.7	45,220.1	43,471.2	
Toronto Police Services Board	0.0	0.0	0.0	
TOTAL – AGENCIES, BOARDS AND COMMISSIONS	**1,139,082.3**	**1,286,362.0**	**1,343,790.6**	
Corporate Accounts				
Community Partnership and Investment Program	269.0	330.0	259.0	
Capital & Corporate Financing	4,931.0	10,963.0	66,511.7	
Non-Program Expenditures				
– Tax Deficiency/Write Offs	2,894.8	3,907.4	0.0	
– Programs Funded from Reserve Fund	101,066.6	92,130.4	91,764.2	
– Other Corporate Expenditures	1,528.0	3,985.0	885.0	
Street & Expressway Lighting Services	880.0	880.0	880.0	
Non-Program Expenditures	106,369.4	100,902.8	93,529.2	
Non-Program Revenues				
– New COTA Tax Revenues	0.0	0.0	177,600.0	
– Prior Year Surplus	0.0	0.0	85,265.0	
– Payment in Lieu of Taxes	83,929.9	81,400.0	82,536.5	
– Supplementary Taxes	37,000.0	34,000.0	35,000.0	
– Tax Penalties	25,500.0	28,500.0	28,000.0	
– Interest/Investment Earnings	62,000.0	67,000.0	69,000.0	
– Other Corporate Revenues	122,500.6	211,944.3	9,822.8	

Change from 2007 Approved Budget	
$ Incr/(Dcr)	%
0.0	n/a
0.0	n/a
0.0	n/a
0.0	n/a
0.0	n/a
17,739.6	**0.7%**
3,562.6	2.2%
(321.2)	(2.2%)
(581.0)	(77.4%)
597.4	1.1%
67.9	28.8%
(6,824.5)	(26.0%)
215.0	0.8%
194.9	3.4%
184.7	31.7%
(171.7)	(0.5%)
61,747.3	6.9%
506.0	2.2%
(1,748.9)	(3.9%)
0.0	n/a
57,428.6	**4.5%**
(71.0)	(21.5%)
55,548.7	506.7%
(3,907.4)	(100.0%)
(366.2)	(0.4%)
(3,100.0)	(77.8%)
0.0	0.0%
(7,373.6)	(7.3%)
177,600.0	n/a
85,265.0	n/a
1,136.5	1.4%
1,000.0	2.9%
(500.0)	(1.8%)
2,000.0	3.0%
(202,121.5)	(95.4%)

2008 Approved New/Enh. Budget	2008 Approved Budget	Change from 2007 Approved Budget	
		$ Incr/(Dcr)	%
0.0	0.0	0.0	n/a
0.0	0.0	0.0	n/a
0.0	0.0	0.0	n/a
0.0	0.0	0.0	n/a
0.0	0.0	0.0	n/a
41,079.5	**2,503,261.7**	**58,819.1**	**2.4%**
833.1	168,725.5	4,395.7	2.7%
0.0	14,314.4	(321.2)	(2.2%)
0.0	170.0	(581.0)	(77.4%)
42.1	53,967.2	639.5	1.2%
0.0	304.0	67.9	28.8%
0.0	19,448.1	(6,824.5)	(26.0%)
1,981.1	29,534.0	2,196.1	8.0%
0.0	5,982.5	194.9	3.4%
0.0	768.0	184.7	31.7%
832.1	34,191.9	660.4	2.0%
0.0	953,091.1	61,747.3	6.9%
0.0	23,511.0	506.0	2.2%
0.0	43,471.2	(1,748.9)	(3.9%)
0.0	0.0	0.0	n/a
3,688.4	**1,347,479.0**	**61,117.0**	**4.8%**
0.0	259.0	(71.0)	(21.5%)
0.0	66,511.7	55,548.7	506.7%
0.0	0.0	(3,907.4)	(100.0%)
0.0	91,764.2	(366.2)	(0.4%)
0.0	885.0	(3,100.0)	(77.8%)
0.0	880.0	0.0	0.0%
0.0	93,529.2	(7,373.6)	(7.3%)
0.0	177,600.0	177,600.0	n/a
0.0	85,265.0	85,265.0	n/a
0.0	82,536.5	1,136.5	1.4%
0.0	35,000.0	1,000.0	2.9%
0.0	28,000.0	(500.0)	(1.8%)
0.0	69,000.0	2,000.0	3.0%
0.0	9,822.8	(202,121.5)	(95.4%)

2008 COUNCIL APPROVED OPERATING BUDGET

Revenue

(In $000's)	2006 Approved Budget	2007 Approved Budget	2008 Approved Base Budget	
Non-Program Revenues *continued*				
– Toronto Hydro Revenues	112,655.7	106,090.2	84,900.0	
– Provincial Revenue	226,600.0	91,600.0	91,600.0	
– Parking Authority Revenues	25,369.7	28,384.5	32,383.7	
– Administrative Support Recoveries – Water	18,973.0	18,973.0	18,973.0	
– Administrative Support Recoveries – Health & EMS	17,302.0	17,302.0	17,301.7	
– Parking Tag Enforcement & Operations	80,550.0	80,615.0	81,815.0	
– Other Tax Revenues	15,688.3	15,600.0	15,150.0	
– Woodbine Slots	14,000.0	14,500.0	15,600.0	
Non-Program Revenues	842,069.2	795,909.0	844,947.7	
TOTAL – CORPORATE ACCOUNTS	**953,638.6**	**908,104.8**	**1,005,247.6**	
TOTAL LEVY OPERATING BUDGET	**4,474,920.2**	**4,638,909.4**	**4,811,220.3**	
NON LEVY OPERATION				
Toronto Parking Authority	95,184.6	102,234.1	113,115.4	
Toronto Water	610,450.7	648,221.3	677,393.3	
TOTAL NON LEVY OPERATING BUDGET	**705,635.3**	**750,455.4**	**790,508.7**	

Change from 2007 Approved Budget	
$ Incr/(Dcr)	%
(21,190.2)	(20.0%)
0.0	0.0%
3,999.2	14.1%
0.0	0.0%
(0.3)	(0.0%)
1,200.0	1.5%
(450.0)	(2.9%)
1,100.0	7.6%
49,038.7	6.2%
97,142.8	**10.7%**
172,310.9	**3.7%**
10,881.3	10.6%
29,172.0	4.5%
40,053.3	**10.6%**

2008 Approved New/Enh. Budget	2008 Approved Budget	Change from 2007 Approved Budget	
		$ Incr/(Dcr)	%
0.0	84,900.0	(21,190.2)	(20.0%)
0.0	91,600.0	0.0	0.0%
0.0	32,383.7	3,999.2	14.1%
0.0	18,973.0	0.0	0.0%
0.0	17,301.7	(0.3)	(0.0%)
0.0	81,815.0	1,200.0	1.5%
0.0	15,150.0	(450.0)	(2.9%)
0.0	15,600.0	1,100.0	7.6%
0.0	844,947.7	49,038.7	6.2%
0.0	**1,005,247.6**	**97,142.8**	**10.7%**
44,767.9	**4,855,988.2**	**217,078.8**	**4.7%**
0.0	113,115.4	10,881.3	10.6%
0.0	677,393.3	29,172.0	4.5%
0.0	**790,508.7**	**40,053.3**	**10.6%**

2008 COUNCIL APPROVED OPERATING BUDGET

Net Expenditure

(In $000's)	2006 Approved Budget	2007 Approved Budget	2008 Approved Base Budget	
Citizen Centred Services "A"				
Affordable Housing Office	1,418.1	1,418.5	1,418.5	
Children's Services	68,291.0	68,910.2	68,910.2	
Court Services	(9,500.0)	(11,120.0)	(11,059.3)	
Economic Development, Culture & Tourism	24,296.9	24,590.7	25,255.7	
Emergency Medical Services	60,506.9	60,400.1	61,875.2	
Homes for the Aged	32,651.9	33,247.7	40,734.4	
Parks, Forestry & Recreation	216,204.8	227,444.7	238,443.8	
Shelter, Support & Housing Administration	276,573.7	253,762.3	253,762.3	
Social Development, Finance & Administration	15,925.2	15,769.5	15,980.4	
Social Services	277,877.0	267,706.9	275,774.3	
3-1-1 Customer Service Strategy	389.9	393.3	393.3	
Sub-Total Citizen Centred Services "A"	964,635.4	942,523.9	971,488.8	
Citizen Centred Services "B"				
City Planning	13,195.1	13,597.4	13,551.5	
Fire Services	324,256.3	332,356.8	347,870.5	
Municipal Licensing & Standards	9,329.5	11,140.9	11,419.5	
Policy, Planning, Finance and Administration	12,600.2	25,596.2	25,596.1	
Solid Waste Management Services	170,926.3	182,158.1	182,158.1	
Technical Services	2,435.1	16,263.7	16,205.4	
Toronto Building	(11,969.1)	(11,660.0)	(11,660.0)	
Transportation Services	178,339.9	165,567.1	166,654.5	
Waterfront Secretariat	826.8	1,081.7	1,081.7	
Sub-Total Citizen Centred Services "B"	699,940.1	736,101.9	752,877.3	
Internal Services				
Office of the Chief Financial Officer	9,940.8	10,104.5	10,189.0	
Office of the Treasurer	31,536.9	31,954.0	31,195.0	
Public Information & Creative Services	4,622.3	4,643.5	4,693.6	
Facilities & Real Estate	52,960.9	54,966.2	55,243.8	
Fleet Services	0.0	0.0	0.0	
Information & Technology	46,501.6	48,065.3	48,411.9	
Sub-Total Internal Services	145,562.5	149,733.5	149,733.2	
City Manager				
City Manager's Office	36,972.2	37,390.6	37,390.6	
Sub-Total City Manager	36,972.2	37,390.6	37,390.6	
Other City Programs				
City Clerk's Office	30,596.4	31,401.4	31,627.4	
Legal Services	19,159.1	19,574.2	20,903.0	
Mayor's Office	1,886.2	2,441.2	2,601.1	
City Council	18,761.5	19,370.4	19,743.7	
Sub-Total Other City Programs	70,403.2	72,787.2	74,875.2	

Change from 2007 Approved Budget		2008 Approved New/Enh. Budget	2008 Approved Budget	Change from 2007 Approved Budget	
$ Incr/(Dcr)	%			$ Incr/(Dcr)	%
0.0	0.0%	0.0	1,418.5	0.0	0.0%
0.0	0.0%	0.0	68,910.2	0.0	0.0%
60.7	0.5%	(324.0)	(11,383.3)	(263.3)	(2.4%)
665.0	2.7%	705.0	25,960.7	1,370.0	5.6%
1,475.1	2.4%	0.0	61,875.2	1,475.1	2.4%
7,486.7	22.5%	0.0	40,734.4	7,486.7	22.5%
10,999.1	4.8%	844.3	239,288.1	11,843.4	5.2%
0.0	0.0%	0.0	253,762.3	0.0	0.0%
210.9	1.3%	0.0	15,980.4	210.9	1.3%
8,067.4	3.0%	0.0	275,774.3	8,067.4	3.0%
0.0	0.0%	272.0	665.3	272.0	69.2%
28,964.9	3.1%	1,497.3	972,986.1	30,462.2	3.2%
(45.9)	(0.3%)	499.7	14,051.2	453.8	3.3%
15,513.7	4.7%	0.0	347,870.5	15,513.7	4.7%
278.6	2.5%	0.0	11,419.5	278.6	2.5%
(0.1)	(0.0%)	1,035.0	26,631.1	1,034.9	4.0%
(0.0)	(0.0%)	0.0	182,158.1	(0.0)	(0.0%)
(58.3)	(0.4%)	9.2	16,214.6	(49.1)	(0.3%)
0.0	0.0%	0.0	(11,660.0)	0.0	0.0%
1,087.4	0.7%	0.0	166,654.5	1,087.4	0.7%
0.0	0.0%	0.0	1,081.7	0.0	0.0%
16,775.4	2.3%	1,543.9	754,421.2	18,319.3	2.5%
84.5	0.8%	0.0	10,189.0	84.5	0.8%
(759.0)	(2.4%)	0.0	31,195.0	(759.0)	(2.4%)
50.1	1.1%	0.0	4,693.6	50.1	1.1%
277.6	0.5%	0.0	55,243.8	277.6	0.5%
0.0	n/a	0.0	0.0	0.0	n/a
346.6	0.7%	0.0	48,411.9	346.6	0.7%
(0.3)	(0.0%)	0.0	149,733.2	(0.3)	(0.0%)
(0.0)	(0.0%)	0.0	37,390.6	(0.0)	(0.0%)
(0.0)	(0.0%)	0.0	37,390.6	(0.0)	(0.0%)
226.0	0.7%	252.1	31,879.5	478.1	1.5%
1,328.8	6.8%	0.0	20,903.0	1,328.8	6.8%
159.9	6.6%	0.0	2,601.1	159.9	6.6%
373.3	1.9%	0.0	19,743.7	373.3	1.9%
2,088.0	2.9%	252.1	75,127.3	2,340.1	3.2%

2008 COUNCIL APPROVED OPERATING BUDGET
Net Expenditure

(In $000's)	2006 Approved Budget	2007 Approved Budget	2008 Approved Base Budget
Accountability Offices			
Auditor General's Office	3,881.2	3,988.8	4,147.4
Integrity Commissioner's Office	0.0	200.0	200.0
Lobbyist Registrar	0.0	275.2	429.3
Office of the Ombudsperson	0.0	0.0	0.0
Sub-Total Council Appointed Programs	3,881.2	4,464.0	4,776.7
TOTAL – CITY OPERATIONS	**1,921,394.6**	**1,943,001.1**	**1,991,141.7**
Agencies, Boards and Commissions			
Toronto Public Health	63,827.8	50,389.6	50,845.9
Toronto Public Library	144,478.0	149,678.3	155,673.7
Association of Community Centres	5,851.1	6,236.9	6,744.9
Exhibition Place	53.9	30.0	30.0
Heritage Toronto	340.2	369.8	389.8
Theatres	2,905.7	4,341.3	3,840.6
Toronto Zoo	11,670.1	11,544.6	12,720.2
Arena Boards of Management	126.5	189.8	42.1
Yonge-Dundas Square	583.3	583.5	583.5
Toronto & Region Conservation Authority	3,009.8	3,094.2	3,171.1
Toronto Transit Commission – Conventional	246,306.5	191,549.7	194,207.9
Toronto Transit Commission – Wheel-Trans	59,968.3	45,766.3	50,351.2
Toronto Police Service	752,374.9	786,218.1	798,259.5
Toronto Police Services Board	1,784.6	2,238.3	2,233.9
TOTAL – AGENCIES, BOARDS AND COMMISSIONS	**1,293,280.7**	**1,252,230.4**	**1,279,094.3**
Corporate Accounts			
Community Partnership and Investment Program	40,174.9	41,702.2	41,702.2
Capital & Corporate Financing	472,511.3	538,589.5	531,393.0
Non Program Expenditures			
– Tax Deficiency/Write Offs	87,000.0	78,500.0	81,500.0
– Assessment Function (MPAC)	32,200.0	33,000.0	33,500.0
Temporary Borrowing	400.0	400.0	400.0
– Funding of Employee Related Liabilities	35,487.6	35,494.3	39,496.2
– Programs Funded from Reserve Fund	0.0	0.0	0.0
– Other Corporate Expenditures	8,361.7	7,628.8	57,443.9
– Insurance Premiums & Claims	306.7	312.6	1,800.0
– Parking Tag Enforcement & Operations	42,483.6	44,218.9	45,376.5
– Vacancy Rebate Program	16,500.0	16,500.0	16,500.0
– Corporate Utilities	0.0	500.0	500.0
– Heritage Property Taxes Rebate	718.3	0.0	0.0
Street & Expressway Lighting Services	22,573.6	23,977.8	24,195.3
Non-Program Expenditures	246,031.5	240,532.4	300,711.9

Change from 2007 Approved Budget	
$ Incr/(Dcr)	%
158.6	4.0%
0.0	0.0%
154.1	56.0%
0.0	n/a
312.7	7.0%
48,140.7	**2.5%**
456.3	0.9%
5,995.4	4.0%
508.0	8.1%
0.0	0.0%
20.0	5.4%
(500.7)	(11.5%)
1,175.6	10.2%
(147.7)	(77.8%)
0.0	0.0%
76.9	2.5%
2,658.2	1.4%
4,584.9	10.0%
12,041.4	1.5%
(4.4)	(0.2%)
26,863.9	**2.1%**
0.0	0.0%
(7,196.5)	(1.3%)
3,000.0	3.8%
500.0	1.5%
0.0	0.0%
4,001.9	11.3%
0.0	n/a
49,815.1	653.0%
1,487.4	475.8%
1,157.6	2.6%
0.0	0.0%
0.0	0.0%
0.0	n/a
217.5	0.9%
60,179.5	25.0%

2008 Approved New/Enh. Budget	2008 Approved Budget	Change from 2007 Approved Budget	
		$ Incr/(Dcr)	%
0.0	4,147.4	158.6	4.0%
0.0	200.0	0.0	0.0%
282.0	711.3	436.1	158.5%
404.3	404.3	404.3	n/a
686.3	5,463.0	999.0	22.4%
3,979.6	**1,995,121.3**	**52,120.3**	**2.7%**
(275.0)	50,570.9	181.3	0.4%
0.0	155,673.7	5,995.4	4.0%
15.8	6,760.7	523.8	8.4%
0.0	30.0	0.0	0.0%
0.0	389.8	20.0	5.4%
0.0	3,840.6	(500.7)	(11.5%)
(1,014.1)	11,706.1	161.5	1.4%
0.0	42.1	(147.7)	(77.8%)
0.0	583.5	0.0	0.0%
0.0	3,171.1	76.9	2.5%
8,115.1	202,323.0	10,773.3	5.6%
0.0	50,351.2	4,584.9	10.0%
0.0	798,259.5	12,041.4	1.5%
0.0	2,233.9	(4.4)	(0.2%)
6,841.8	**1,285,936.1**	**33,705.7**	**2.7%**
1,564.0	43,266.2	1,564.0	3.8%
0.0	531,393.0	(7,196.5)	(1.3%)
0.0	81,500.0	3,000.0	3.8%
0.0	33,500.0	500.0	1.5%
0.0	400.0	0.0	0.0%
0.0	39,496.2	4,001.9	11.3%
0.0	0.0	0.0	n/a
0.0	57,443.9	49,815.1	653.0%
0.0	1,800.0	1,487.4	475.8%
0.0	45,376.5	1,157.6	2.6%
0.0	16,500.0	0.0	0.0%
0.0	500.0	0.0	0.0%
0.0	0.0	0.0	n/a
0.0	24,195.3	217.5	0.9%
0.0	300,711.9	60,179.5	25.0%

2008 COUNCIL APPROVED OPERATING BUDGET

Net Expenditure

(In $000's)	2006 Approved Budget	2007 Approved Budget	2008 Approved Base Budget	
Non-Program Revenues				
– New COTA Tax Revenues	0.0	0.0	(175,000.0)	
– Prior Year Surplus	0.0	0.0	(85,265.0)	
– Payment in Lieu of Taxes	(83,929.9)	(81,400.0)	(82,536.5)	
– Supplementary Taxes	(37,000.0)	(34,000.0)	(35,000.0)	
– Tax Penalties	(25,500.0)	(28,500.0)	(28,000.0)	
– Interest/Investment Earnings	(61,495.5)	(66,486.7)	(68,435.4)	
– Other Corporate Revenues	(122,500.6)	(211,944.3)	(9,822.8)	
– Toronto Hydro Revenues	(112,655.7)	(106,090.2)	(84,900.0)	
– Provincial Revenue	(226,600.0)	(91,600.0)	(91,600.0)	
– Parking Authority Revenues	(25,369.7)	(28,384.5)	(32,383.7)	
– Administrative Support Recoveries – Water	(18,973.0)	(18,973.0)	(18,973.0)	
– Administrative Support Recoveries – Health & EMS	(17,302.0)	(17,302.0)	(17,301.7)	
– Parking Tag Enforcement & Operations	(80,550.0)	(80,615.0)	(81,815.0)	
– Other Tax Revenues	(15,688.3)	(15,600.0)	(15,150.0)	
– Woodbine Slots	(14,000.0)	(14,500.0)	(15,600.0)	
Non-Program Revenues	(841,564.7)	(795,395.7)	(841,783.1)	
TOTAL – CORPORATE ACCOUNTS	**(82,847.0)**	**25,428.4**	**32,024.0**	
TOTAL LEVY OPERATING BUDGET	**3,131,828.3**	**3,220,659.9**	**3,302,260.0**	
NON LEVY OPERATION				
Toronto Parking Authority	(40,383.3)	(44,429.4)	(49,717.2)	
Toronto Water	0.0	0.0	0.0	
TOTAL NON LEVY OPERATING BUDGET	**(40,383.3)**	**(44,429.4)**	**(49,717.2)**	

Change from 2007 Approved Budget	
$ Incr/(Dcr)	%
(175,000.0)	n/a
(85,265.0)	n/a
(1,136.5)	1.4%
(1,000.0)	2.9%
500.0	(1.8%)
(1,948.7)	2.9%
202,121.5	(95.4%)
21,190.2	(20.0%)
0.0	0.0%
(3,999.2)	14.1%
0.0	0.0%
0.3	(0.0%)
(1,200.0)	1.5%
450.0	(2.9%)
(1,100.0)	7.6%
(46,387.4)	(5.8%)
6,595.6	**25.9%**
81,600.1	**2.5%**
(5,287.8)	(11.9%)
0.0	n/a
(5,287.8)	**(11.9%)**

2008 Approved New/Enh. Budget	2008 Approved Budget	Change from 2007 Approved Budget	
		$ Incr/(Dcr)	%
0.0	(175,000.0)	(175,000.0)	n/a
0.0	(85,265.0)	(78,000.0)	n/a
0.0	(82,536.5)	(1,136.5)	1.4%
0.0	(35,000.0)	(1,000.0)	2.9%
0.0	(28,000.0)	500.0	(1.8%)
0.0	(68,435.4)	(1,948.7)	2.9%
0.0	(9,822.8)	202,121.5	(95.4%)
0.0	(84,900.0)	21,190.2	(20.0%)
0.0	(91,600.0)	0.0	0.0%
0.0	(32,383.7)	(3,999.2)	14.1%
0.0	(18,973.0)	0.0	0.0%
0.0	(17,301.7)	0.3	(0.0%)
0.0	(81,815.0)	(1,200.0)	1.5%
0.0	(15,150.0)	450.0	(2.9%)
0.0	(15,600.0)	(1,100.0)	7.6%
0.0	(841,783.1)	(46,387.4)	5.8%
1,564.0	**33,588.0**	**8,159.6**	**32.1%**
12,385.4	**3,314,645.4**	**93,985.5**	**2.9%**
100.0	(49,617.2)	(5,187.80)	(11.7%)
0.0	0.0	0.0	n/a
100.0	**(49,617.2)**	**(5,187.80)**	**(11.7%)**

2008 CAPITAL BUDGET AND 2009 – 2012 CAPITAL PLAN

CORPORATE SUMMARY

The 2008 Capital Budget and 2009 – 2012 Capital Plan builds on the foundation established in the 2007 – 2011 Council Approved Capital Budget and Plan. The Capital Budget and Plan invests in capital projects that fulfil Council's strategic priorities, and maintain the City's existing infrastructure and physical assets in a state of good repair. Over the five-years 2008 – 2012, capital expenditures totals $11.399 billion (including Toronto Water and Toronto Parking Authority) of which $8.442 billion or 74.1% is allocated to health and safety, legislated and state of good repair projects. While emphasis has been placed on maintaining and protecting the City's infrastructure and physical assets, the capital budget and plan also provides for growth in strategic areas and priority service expansion projects in key Program areas to meet service demands and expectations of the public.

The Council Approved Tax Supported 2008 Capital Budget and 2009 – 2012 Capital Plan totals $8.354 billion as shown in Table 1. Toronto Transit Commission (TTC) alone accounts for more than one-half of the five-year capital spending plan. As indicated in Table 1 below, the TTC 2008 Capital Budget and 2009 – 2012 Capital Plan (inclusive of the Spadina Subway Extension project) is $4.347 billion or 52% of the City's capital spending plan; and Transportation Services totals $1.132 billion or 14% of the total capital spending plan. Together, TTC and Transportation Services comprise two-thirds of the Capital Budget and Plan.

2008 TAX SUPPORTED CAPITAL BUDGET AND 2009–2012 CAPITAL PLAN

Table 1	Commitments and Estimates (in $000)								
	Approved 2007	2008 Budget	Capital Plan 2009	2010	2011	2012	2009–12	2008–2012	% of Total
Citizen Centred Services "A"	113,600	127,743	115,942	103,478	84,390	80,469	384,279	512,022	6.1%
Citizen Centred Services "B"	336,716	387,680	383,483	421,057	351,250	342,331	1,498,121	1,885,801	22.6%
Internal Services	117,560	117,866	145,541	125,522	124,531	103,013	498,607	616,473	7.4%
Other City Programs	33,919	44,206	76,301	92,936	47,143	26,042	242,422	286,628	3.4%
Agencies Boards and Commissions – Excl. TTC	112,450	178,850	139,362	144,422	134,222	110,117	528,123	706,973	8.5%
Total Tax Supported Programs (Excl. TTC)	**714,245**	**856,345**	**860,629**	**887,415**	**741,536**	**661,972**	**3,151,552**	**4,007,897**	**48.0%**
Toronto Transit Commission – Excl. Spadina	717,304	697,373	878,370	770,516	676,609	1,103,705	3,429,200	4,126,573	49.4%
Toronto Transit Commission – Spadina		56,098	131,200	32,752	0	0	163,952	220,050	2.6%
Total Tax Supported Programs	**1,431,549**	**1,609,816**	**1,870,199**	**1,690,683**	**1,418,145**	**1,765,677**	**6,744,704**	**8,354,520**	**100.0%**

2008 CAPITAL BUDGET AND 2009 – 2012 CAPITAL PLAN

Diminished capital reserves and reduced other non-debt funding sources continue to constrain capital spending. In order to stabilize the increase in debt financing and to maintain/enhance the City's credit rating, Council's 2005 policy decision to increase capital from current (CFC) funding by 10% annually was implemented beginning in 2008. In so doing, $12.0 million in incremental CFC was added to the 2008 Capital Fund. Notwithstanding significant funding challenges, the 2008 Capital Budget and 2009 – 2012 Capital Plan is fiscally prudent; it balances the capital spending needs for infrastructure maintenance with the objective of ensuring that the City's debt burden is kept within the Council approved debt service charge to property tax ratio of 15%. However, it must be noted that the Council Approved Toronto Transit Commission Capital Budget and Plan is subject to substantial Provincial and Federal funding.

Debt is the primary funding source for the Council Approved 2008 Capital Budget and 2009 – 2012 Capital Plan. Debt represents $2.685 billion or 32.1% of the five year funding requirement. On average, about $200 million of debt is retired annually. Therefore, after adjusting for retired debt of $1.000 billion over the five year term of the Capital Plan, new debt will approximate $1.685 billion. This level of new debt is within affordability limits; however, 81% is allocated to the TTC leaving little room to fully address the infrastructure maintenance and expansion needs of other City Programs, Agencies, Boards and Commissions.

It is noted that even with capital investments averaging $1.670 billion per year during the period 2008 – 2012, a substantive infrastructure gap exists between capital investment needs and available funds. This gap has resulted in a State of Good Repairs (SOGR) backlog for Tax Supported Programs estimated at $1.671 billion at the end of 2012. Infrastructure maintenance backlog has been limited to approximately 5% of the City's total estimated capital asset value of about $30 billion (excluding Toronto Water).

Notwithstanding the debt guideline pressure, it must be emphasized that approximately $106 million is included in Climate Change/Environmental initiatives that are financed from the Strategic Infrastructure Reserve Fund.

Council Approved 2008 Capital Budget and 2009 – 2012 Capital Plan

The 2008 Capital Budget and 2009 – 2012 Capital Plan is prioritized by category as shown in Table 2. Consistent with Council's directions and guidelines, the Council Approved Capital Budget and Plan focuses on maintaining and rehabilitating existing infrastructure to support the protection of services that are needed by the citizens of Toronto.

Table 2 also shows that $6.437 billion or 77% of the Council Approved 2008 Tax Supported Capital Budget of $8.354 billion is allocated to Legislated, Health and Safety, and SOGR projects. This emphasis on protection and preservation of existing infrastructure continues throughout the five-year term of the Capital Plan as graphically illustrated in Chart 1.

COUNCIL APPROVED 2008 TAX SUPPORTED CAPITAL BUDGET AND 2009 – 2012 CAPITAL PLAN

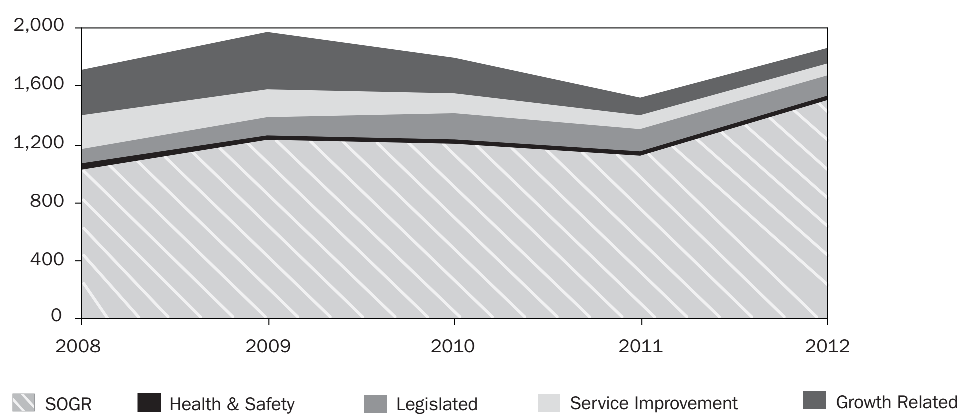
Table 2

– by Category and Financing Source
$Millions

Expenditures	2008 Budget	Capital Plan 2009	2010	2011	2012	TOTAL 2009–2012	TOTAL 2008 –2012	Percent of Total
Health and Safety	44	35	29	26	29	118	162	1.9%
Legislated	97	117	173	154	126	570	666	8.0%
State of Good Repair	926	1,134	1,110	1,026	1,413	4,683	5,609	67.1%
Service Improvement and Enhancement	235	186	143	93	88	510	745	8.9%
Growth Related	309	399	236	119	110	864	1,173	14.1%
Total Gross Expenditures	**1,610**	**1,870**	**1,691**	**1,418**	**1,766**	**6,745**	**8,355**	**100.0%**
Funded By:								
Provincial	265	290	228	185	313	1,017	1,282	15.3%
Federal	282	291	248	236	368	1,142	1,425	17.1%
Development Charge	31	92	25	24	27	169	200	2.4%
Reserve/Reserve Funds	211	203	167	125	131	626	838	10.0%
Capital from Current	136	150	165	182	200	697	833	10.0%
Other	151	210	181	115	76	583	734	8.8%
Debt	460	558	588	483	596	2,225	2,685	32.1%
Debt-Recoverable	72	76	88	68	54	286	358	4.3%
Total Funding	**1,610**	**1,870**	**1,691**	**1,418**	**1,766**	**6,745**	**8,355**	**100.0%**

It is noted that despite the growing requirement for investment in infrastructure maintenance, the Five-Year Capital Plan recognizes and addresses the need to also invest in essential service improvement and growth related projects to meet changing priorities and the increasing service demands of a growing population. Approximately 23% or $1.918 billion of the 2008 Capital Budget and 2009 – 2012 Capital Plan is allocated to growth-related and service improvement projects.

Chart 1
2008 Capital Budget and 2009-2012 Capital Plan
By Category ($Millions)



2008 CAPITAL BUDGET AND 2009 – 2012 CAPITAL PLAN

Funding the 2008 Capital Budget and 2009 – 2012 Capital

Financing sources for the 2008 Capital Budget and 2009 – 2012 Capital Plan are summarized in Table 2. A prevailing assumption of this 5 year Capital Plan is that the Federal and Provincial governments will fund $2.707 billion or 32.4% of the five-year Capital, primarily for transit capital expenditures. Investment in transit meets Council's vision of making Toronto a transit friendly and a clean and beautiful City, and addresses the City's strategies on the environment and climate change. However, the City lacks the resources to maintain its vast and aging infrastructure which is critical to its ability to remain the major contributor to the national economy. As a result, the TTC capital budget and plan was based on, and incorporated major assumptions about Provincial and Federal assistance. The Federal and Provincial governments must commit financial assistance to address the sizable transit infrastructure funding gap that continues to undermine the City's competitiveness and to impair its ability to fuel the national economy.

In the absence of sufficient alternative sources of funds, 32.1% of the five-year capital spending plan or $2.685 billion is debt financed as indicated in Table 2. This does not include recoverable debt of $358 million, which represents 4.3% of the capital spending plan. (Recoverable debt represents debt that is fully recoverable from revenues and/or savings that will be generated in future years as a result of a capital projects.) Other financing sources include: reserve and reserve funds of $837.627 million or approximately 10% of total funding requirement; capital from current of $833.0 million; development charges of $200.354 million and other funding sources of $733.938 million, which includes donations, contribution from developers, and third party funding.

Sections 71-10 and 71-11 of the Financial Control Bylaw specify (i) that "no expenditure shall be made and no account shall be paid by, or on behalf of the City, except with Council approval; and (ii) that no commitment shall be made except where cash flow funding has been provided in the … capital budget to the satisfaction of the Chief Financial Officer". Therefore, approval of the 2009 – 2012 Capital Plan does not constitute cash flow or spending approval; this is achieved through the approval of the annual capital budget. The Five-Year Capital Plan represents a long-term framework for planning and implementing capital activities, and the basis for developing the annual capital budget.

Debt Financing

Consistent with prior years, debt is the largest funding source for the Council Approved 2008 Capital Budget and 2009 – 2012 Capital Plan as shown in Table 3. As part of the 2008 Directions and Guidelines, a debt affordability target of $464 million for 2008 and a total of $2.249 billion for 2008 – 2012 was provided. After adjusting for retired debt averaging $200 million annually, the new debt requirement associated with this debt target is $264 million for 2008 and $1.249 billion for the five years 2008 – 2012. Over the five-year term of the Capital Budget and Plan, $955 million or 76% of the new debt guideline was allocated to the Toronto Transit Commission (see Table 3).

2008 CAPITAL BUDGET AND 2009 – 2012 CAPITAL PLAN

2008 Capital Budget and 2009 – 2012 Capital Plan
2008 – 2012 Debt Guidelines

Table 3	2007 Council Approved Debt/CFC	2008	2009	2010	2011	2012	Total 2008–12
Baseline Debt (Retire/Reissue)	**200**	**200**	**200**	**200**	**200**	**200**	**1,000**
New Debt:							
TTC	200	167	200	200	194	194	955
City	107	97	65	74	38	20	294
Total New Debt	**307**	**264**	**265**	**274**	**232**	**214**	**1,249**
Total Debt	**507**	**464**	**465**	**474**	**432**	**414**	**2,249**
Capital from Current (CFC)	124	136	150	165	182	200	833
Total Debt & CFC	**631**	**600**	**615**	**639**	**614**	**614**	**3,082**

The Council Approved 2008 Capital Budget and 2009 – 2012 Capital Plan requires debt financing of $2.685 billion, approximately 32.1% of the total funding requirement. This debt level exceeds the 2008 – 2012 debt affordability guidelines by $434.208 million. It is noted that $420.208 million or 97% of the over-target debt amount is attributed to TTC. The TTC over-target debt amount is driven by the following: advancing the purchase of new subway cars; the purchase of 204 light rail vehicles in 2012; acquisition of new Scarborough Rapid Transit cars and re-signalling of the Yonge/University/Spadina subway. These projects are not affordable within the City's affordable debt guidelines. To secure funding for these initiatives, staff will continue negotiations with the other orders of government with a focus on advancing the Provincial Move Ontario 2020 funding in 2009 – 2012. Since the TTC's capital budget and plan is subject to Provincial and Federal funding, there will be no debt commitment in 2009 – 2012 for the above projects until funding from the other orders of government is confirmed.

Debt Service Ratio

As a policy direction, Council affirmed that the maximum limit of debt service charges as a percentage of total property tax be established at 15% as a benchmark for evaluating capital expenditure levels.

Based on the Council Approved 2008 Capital Budget and 2009 – 2012 Capital Plan, it is estimated that total debt service charges will increase by approximately $30 million per year, from $403 million in 2007 to $551 in 2012, as illustrated in Chart 2 below.

Chart 2
Debt Services Charges – Due to Old Debt (issused up to 2007)
vs. New Debt (issued starting 2008)

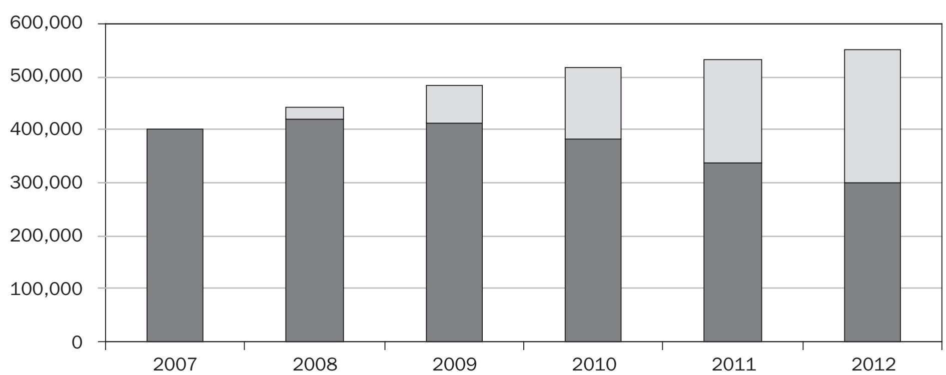
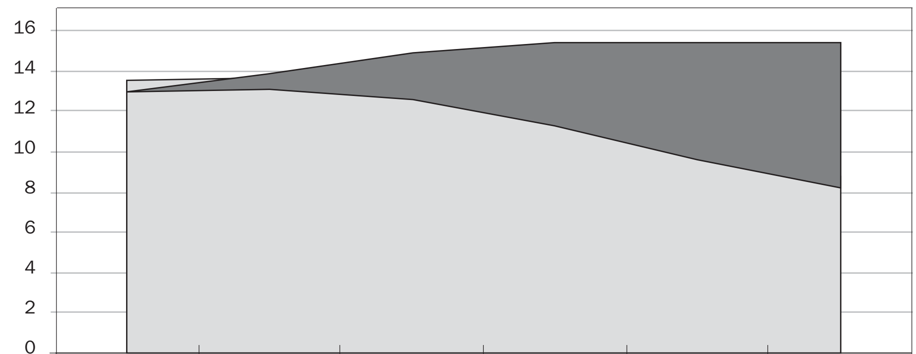


Chart 3 below illustrates the progression of the overall ratio over the 2008 – 2012 period from an estimated of 13.5% in 2008 to 14.9% in 2012. The ratio forecast is comparable to the forecast for the 2007 capital plan, although the new forecast incorporates increased capital from current contributions which will help reduce debt and keep the ratio down.

Chart 3
Ratio: Debt Service Charges to Property Taxes
(Impact of Old Debt up to 2007 & New Debt starting 2008)



	2007	2008	2009	2010	2011	2012
Ratio (per New Debt)	0	0.7	2.1	3.8	5.4	6.7
Ratio (per Old Debt)	12.6	12.8	12.3	11.1	9.5	8.2

Other factors that could reduce the forecast debt ratio include higher levels of capital from current funding (such as might be affordable if a share of sales tax revenues were obtained), achieving a 50% operating subsidy for transit which would permit reallocation of Provincial gas tax revenue to capital, upload of funding responsibility for GO Transit capital expansion, greater than assumed property tax revenues, increased development charges funding, or cuts and deferrals to capital expenditures in the Plan.

The 2008 Capital Budget Process

Chart 4 below illustrates the City of Toronto Financial Planning Process, of which the Capital Budget Process is an integral part. The capital budget and multi-year capital plan details capital projects required to deliver the services and service levels needed by the citizens of Toronto over the long-term, and shows how these projects will be funded.

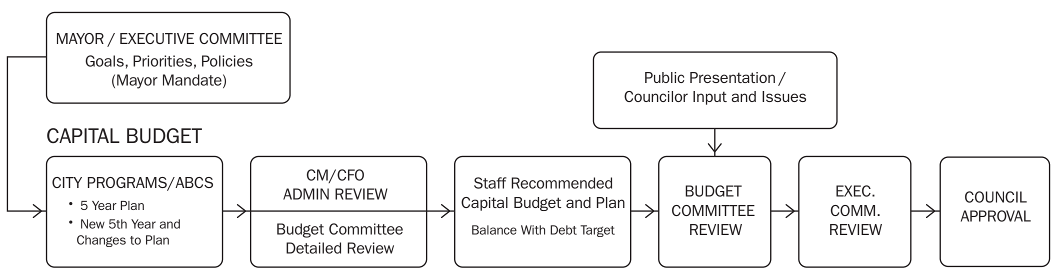
Key elements of this capital budget process include the following:

- Council establishes priorities and provides upfront directions and guidelines which sets the framework for staff to develop a balanced capital budget that implements its strategic policy agenda; aligns resources to priorities; is based on sound financial management principles; and, meets prescribed budgetary targets;
- The City Manager, and Deputy City Manager and Chief Financial Officer review submissions by City Programs, Agencies, Boards and Commissions to ensure compliance with budget policies, Council directions and that the multi-year capital plan rules of engagement are applied.
- The Budget Committee performs detailed reviews of individual City Program and ABC budgets to confirm that Executive Committee's guidelines and directions are met;

- On behalf of the Executive Committee, the Budget Committee holds formal meetings to hear public presentations and to receive input from councillors on any issues they may raise, and where warranted, recommends amendments to the staff recommended capital budget and plan;
- The Budget Committee recommends a Five-Year Capital Plan (the first year of which represents the capital budget) to the Executive Committee. At a minimum, the Five-Year Capital Plan must strategically align resources to Council priorities; highlights expected results and outcomes; and confirm recommended financial strategies;
- The Executive Committee reviews the budget to ensure that it addresses major fiscal and policy issues and confirms the budget as a strategic financial plan that will implement Council policies and priorities, and meet community service demands; and,
- On behalf of the Executive Committee, the Mayor presents the 2008 Capital Budget and 2009 – 2012 Capital Plan to City Council.

On March 7, 2007 Council approved the 2007 Capital Budget and 2008 – 2011 Capital Plan. This first, firm five-year capital plan fulfilled the need for a long-term financial planning perspective that guides strategic financial management and decision making. It also simplified the process of developing subsequent Capital Plans which, for the most part, requires adding a new fifth year (2012), and where warranted, making changes that reflect more current information and assumptions.

2007 Capital Budget Process



To ensure the integrity of the Five-Year Capital Plan, projects are firmly placed in the year in which they will be implemented or developed. Moreover, as a policy and accountability requirement, approved capital investment and funding plans cannot be changed without explicit approval by Council. It is noted that some flexibility is provided by enabling acceleration or deferral of projects but only with the approval of Council. Furthermore, funding associated with acceleration or deferral of specific project(s) in any year, must be fully offset by shifting another project or projects with equal value.

Carry Forward of Previously Approved Project Funding

A capital carry forward project is a previously approved project for which the capital work was not completed on schedule and the associated cash flow budget was not fully spent and/or committed in the year of approval and therefore, the unspent amount, or a portion thereof, is required in future years to complete the project. Key elements of the carry forward policy include the following:

- Cash flow funding approval will continue to exist for one fiscal year subsequent to the year in which the project/sub-project was approved. In effect, City Programs and ABCs will be allowed to carry forward unspent funds for capital projects/sub-projects for a period of one year subsequent to the year of original approval;
- Carry forward funding requests for projects approved in the previous fiscal year will not form part of the budget year's debt affordability targets. However, Council approval to carry forward the unspent amount must be obtained in order to establish spending authority;
- Where a project is not completed and approved funds are still not fully spent by the end of the second fiscal year, any carry forward funding request will be treated as new and any further spending/funding request will form part of that year's debt affordability targets;
- Change in cash flows and/or project costs that change the scope of projects will not constitute carry forward funding, under the premise of this policy. Change in Scope projects are to be considered new capital projects requiring new funding authority;
- During the capital budget process, City Programs and ABCs will conduct a complete review of all previously approved projects to determine their completion status. Projects that will not be completed by the end of the current fiscal year should be identified for carry forward spending approval in the next fiscal year; and,
- On a project/sub-project basis, the carry forward cash flow amount will not exceed the difference between the actual expenditures and the approved cash flow. Carry forward funding requests included in capital budget submissions are initially based on projected actual expenditures to year-end. Therefore, during the capital budget review process, and again as part of the First Quarter Capital Variance Report of the budget year, City Programs and ABCs will be permitted to update their carry forward requirements.

City Manager and Deputy City Manager & Chief Financial Officer Review

To ensure compliance with capital and financial policies, Council guidelines and direction, and achievement of debt targets, the City Manager (CM) and Deputy City Manager and Chief Financial Officer (DCM & CFO) reviewed the capital plan submissions from City Programs and ABCs and recommended a balanced Five-Year Capital Plan to the Budget Committee. The CM and DCM & CFO reviews focussed on the following:

- Ensuring that assigned debt affordability targets were met;
- Confirming that the capital plans achieved the objective of maintaining existing assets in a state of good repair (SOGR) and that reasonable service improvement and growth demands that achieve Council's priorities were addressed;
- Ensuring that available resources are utilized to mitigate SOGR backlog and risks associated with the delayed maintenance of the City's aging infrastructure;
- Evaluating assumptions and rationale used to confirm that projects included in the capital plan satisfy key Council priorities; and the extent to which needs analysis, effective scheduling, and ability to spend were factors influencing project prioritization;
- Ensuring that cost-shared partnerships were explored in order to leverage capital program spending;
- Assuring that challenges and risks to effective delivery of services and service levels were appropriately addressed; and,
- Evaluating operating impacts to ensure reasonableness and that the operating budget is not unduly burdened.

2008 CAPITAL BUDGET AND 2009 – 2012 CAPITAL PLAN

City Programs and ABCs exercised due diligence in developing effective capital plans. Despite major capital spending needs, the majority of City Programs achieved their debt. In general, capital plan submissions complied with guidelines, focussed on maintaining existing infrastructure and despite funding constraints, included strategic investments in service improvement and expansion projects in order to satisfy growth demands without compromising health and safety. Nonetheless, some challenges continue to exist: SOGR backlog will continue to increase by an estimated $245 million from 2008 to 2012, and there continues to be unmet service improvement needs.

2008 Council Approved Capital Budget and 2009 – 2012 Capital Plan

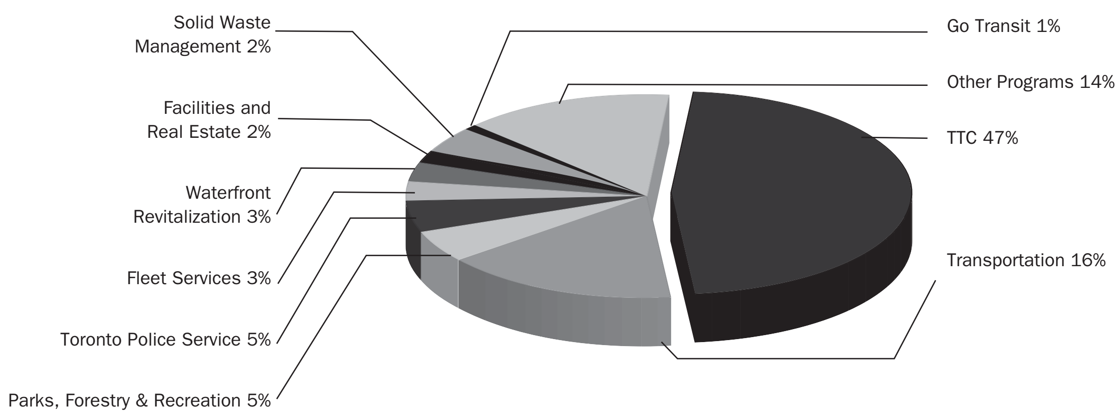
The Council Approved 2008 Capital Budget and 2009 – 2012 Capital Plan satisfies Council's policy agenda, is fiscally responsible and focuses on infrastructure rehabilitation. It places priority on projects that protect the health and safety of citizens, meet legislated requirements, and those that maintain the City's infrastructure and physical assets in a state of good repair. Balancing the extensive capital maintenance needs of the City's massive and aging infrastructure against demands for new investments to satisfy the service and service level requirements of a growing community and emergent priorities is a challenge. Nevertheless, the approved Capital Budget and Plan strategically addresses these competing demands. In particular, it achieves the following objectives:

- It focuses spending on maintaining and protecting the City's infrastructure in order to ensure that services demanded by the citizens of Toronto will be delivered in the long-term.
- It slows down the rate of growth of state of good repair backlog.
- It aligns new investments with the Mayor's and Council's policy agenda, and resources to strategic priorities. It includes reasonable investment in service expansion and growth projects that are critical to the achievement of key priorities such as making a safe city safer, building a clean, green and beautiful waterfront, and making Toronto a transit friendly city.
- It meets Council approved 2008 – 2012 affordable debt guidelines (subject to TTC guidelines for Move Ontario 2020 Provincial Funding).

Tax Supported 2008 Capital Budget by Major Program

Chart 5 below shows the Council Approved Tax Supported 2008 Capital Budget of $1.610 billion by major Program and ABC. TTC represents approximately one-half of the 2008 Capital Budget, followed by Transportation Services which accounts for 16%; and Toronto Police Service for 5%. With a substantive increase in its debt affordability target, Parks, Forestry and Recreation's 2008 Capital Budget now accounts for 5% of the total Capital Budget. This allocation is consistent over the five year plan.

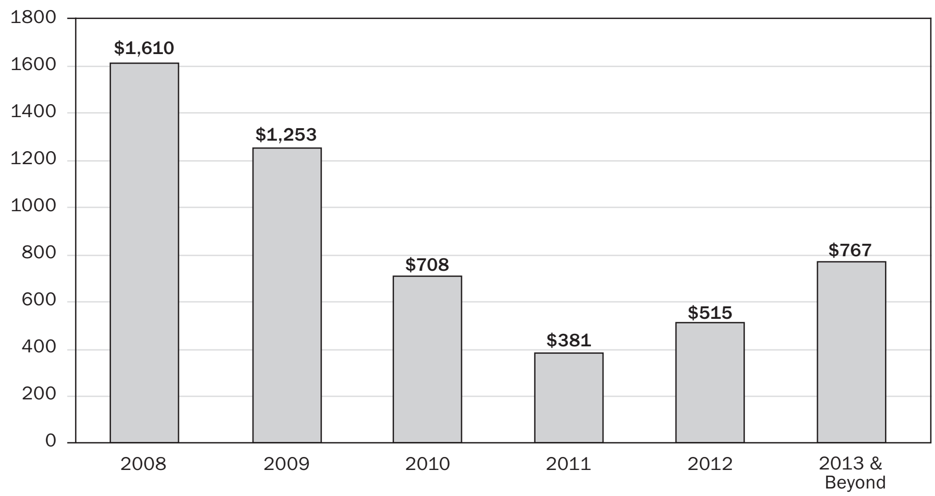
Chart 5
2008 Council Approved Capital Budget by Major Program and ABC



2008 Capital Budget and Future Year Commitments

The 2008 Council Approved Tax Supported Capital Budget (excluding 2007 carry forward projects) requires the following cash flow and future year commitments: $1.610 billion in 2008; $1.253 billion in 2009; $707.911 million in 2010; $381.103 million in 2011; $514.938 million in 2012 and $767.143 million in 2013 and beyond, for a total of $5.233 billion (see Chart 6).

Chart 6
2008 Capital Budget and Future Year Commitment
(excluding Carry Forward)



2008 Council Approved Capital Budget Including Carry Forward Funding
In accordance with the City's Carry Forward Funding Policy, financing to continue work on 2007 projects that were not completed as planned, require Council approval and are included in the 2008 recommended cash flow. A key element of the carry forward policy discussed earlier, prescribes that:

> Cash flow funding approval will continue to exist for *one fiscal year* subsequent to the year in which the project/sub-project funding was approved. In effect, City Programs and ABCs will be allowed to carry forward unspent funds for capital projects/sub-projects for a period of one year subsequent to the year of original approval, after which they become part of the debt target.

Cash flow requirements for 2007 capital projects that were not completed as planned and for which work must continue in 2008 totals $301.5 million. In summary, the 2008 Approved Cash Flow of $1.911 billion is comprised of funding for the following: 2007 Carry Forward project of $301.5 million; New and Change in Scope project of $669.3 million; and, Previously Approved projects of $940.6 million (see Table 4).

2008 Council Approved Tax Supported Cash Flow – 2008 Council Approved Tax Supported Cash Flow

Table 4

Programs/ABCs	2007 Council Approved Cash Flow ($Millions)	2007 Carry Forward Funding	2008 BC Recommended Cash Flow – 2008 Capital Budget: New and Change in Scope Projects	2008 BC Recommended Cash Flow – 2008 Capital Budget: Previously Approved Projects	2008 Capital Budget	Total 2008 Cash Flow
Citizen Centred Services 'A'	114	61	81	47	128	189
Citizen Centred Services 'B'	337	67	195	193	388	455
Internal Services	118	23	59	59	118	141
Other City Programs	34	10	25	19	44	54
Agencies, Boards and Commissions – before TTC	112	39	108	71	179	218
Total City Operations Before TTC	714	200	468	388	856	1,056
Toronto Transit Commission	717	101	201	552	753	854
Total – Tax Supported Program	1,432	301	669	941	1,610	1,911

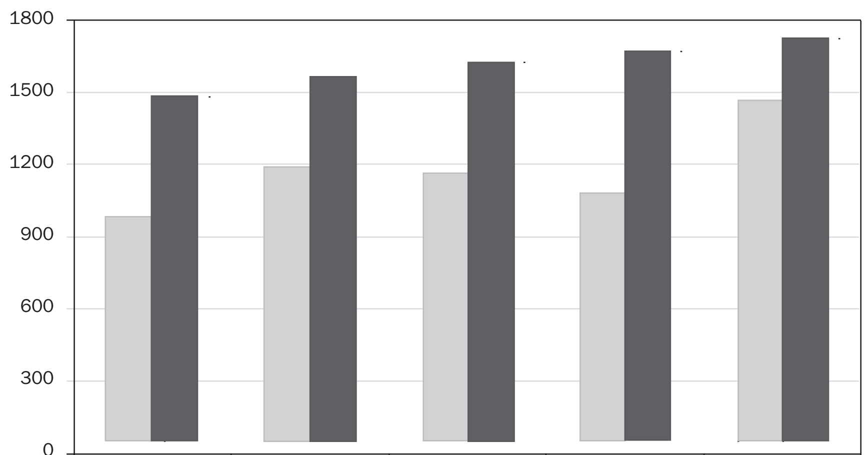
State of Good Repair Backlog

To properly maintain the City's infrastructure and physical assets is an essential element of the City's capital asset management priorities. Moreover, managing the significant accumulated SOGR backlog is key to the efficient delivery of services required by the Citizens of Toronto. The City's expansive infrastructure is aging and places a huge burden on its limited own-source revenues just to be kept in good repair. Neglecting to maintain the City's infrastructure on a timely basis could lead to higher major rehabilitation, restoration and replacement costs to taxpayers in the future.

More than two-thirds of the total 2008 Capital Budget and 2009 – 2012 Capital Plan has been allocated to SOGR as illustrated in Chart 5 below. Adding health and safety, and legislated projects increases the capital spending on infrastructure and physical asset maintenance to 76%. Nevertheless, as illustrated in the chart 7 below, SOGR backlog continues to increase despite annual SOGR spending of approximately $1.288 billion. Moreover, it is estimated that SOGR backlog will increase to $1.671 billion at the end of 2012 – an increase of $245 million or 15% when compared to the 2008 year-end estimate.

The City needs sustainable and predictable funding to invest in capital maintenance and replacement in order to restore its infrastructure to the desired state of good repair. Limited own source revenues prevents the City from fully addressing the SOGR backlog and growth-related infrastructure deficit alone. It is noted that new debt issuance is not a tenable option due to the structural fiscal deficit that confronts the City. Increasing new debt would increase debt service costs thereby exacerbating the significant annual operating budget pressure. Work will continue to ensure that available resources are used effectively to ensure that the highest priority and most urgent capital maintenance projects proceed and that risks of further deterioration of the existing infrastructure is mitigated.

Chart 7
2008 – 2012 Backlog versus State of Good Repair Spending
($Millions)



	2008	2009	2010	2011	2012
2008 SOGR	931	1,134	1,110	1,026	1,413
2008 SOGR Backlog	1,426	1,511	1,572	1,619	1,671

Evaluating and Prioritizing New and Expansion Facility Capital Projects

Among the many challenges facing the City is the need to address the increasing SOGR backlog and at the same time fulfill requirements for new or upgraded facilities to address unmet service needs and growing demand for new services. The 2008 – 2017 Capital Forecast for new and expansion facility projects is comprised of 130 projects with total cost estimates of $690 million.

The existing capital project review process does not evaluate and compare facility projects on a city-wide basis. Instead, City Programs and Agencies, Boards and Commissions (ABCs) with responsibility for developing and managing their own facilities tend to prioritize projects within their assigned capital program. By not prioritizing facility projects on a city-wide basis, there is currently little opportunity to find synergies and it is probable that lower priority projects are approved for funding ahead of higher priority ones.

Accordingly, it is proposed that a framework for evaluating and prioritizing new and expansion facility capital projects be put in place for the 2009 capital budget process.

The proposed facility project evaluation framework should provide a coordinated, objective and consistent approach to assessing, on a city-wide basis, new and enhanced service related facility projects. Further, the review should establish a more structured approach to determining which facility projects should be undertaken first and the order in which future projects should be funded within the corporate Five-Year Capital Plan and Ten-Year Forecast.

In the spring of 2008, staff will propose a framework for evaluating and prioritizing new and expansion capital projects. The framework will recommend a process and criteria for ranking facility projects to be implemented with the 2009 Capital Budget and Plan process.

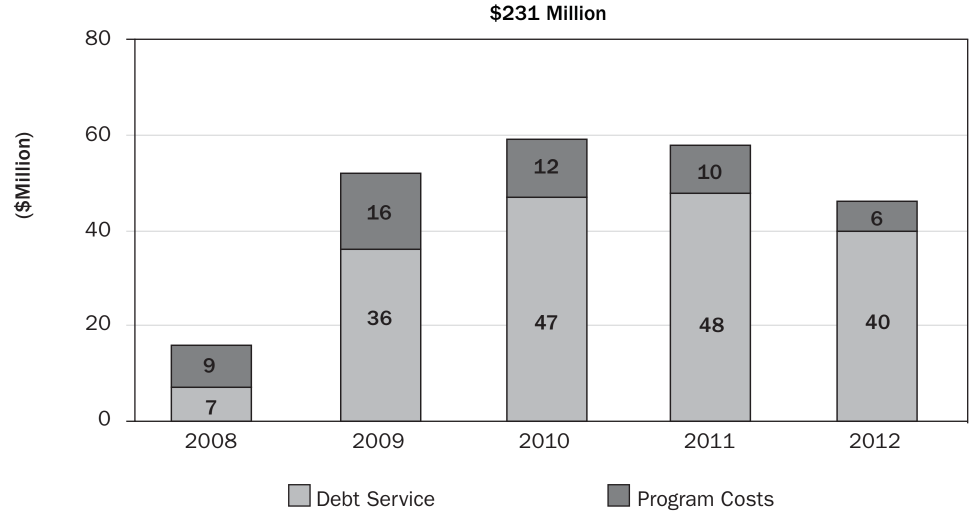
Incremental Operating Impacts

Prior to recommending a capital project for Council approval, any incremental cost impact on the operating budget over the life of each project is evaluated. The objective of this evaluation is to ensure that operating cost increases associated with the capital budget and plan are both accurate and affordable, and to factor these cost increases in the annual operating budget and forecasts. Capital projects tend to impact the operating budget in the following ways:

i. Principal repayment and interest payments on debt issued to finance the capital program;
ii. Increased operating costs such as those required for new infrastructure of capital assets, or change or expanded facilities;
iii. Efficiency savings from capital investments that reduce operating costs; and,
iv. Direct contributions from the Operating Fund to finance pay as you go capital projects thereby reducing the annual borrowing requirements.

The incremental impact (including debt services charges) of the Council Approved 2008 Capital Budget and 2009 – 2012 Capital Plan on the Operating Budget over the five years totals $231 million (see Chart 8). Annual operating impacts range from a low of $16 million in 2008 to a high of $59 million in 2010. Incremental debt service charges, which represent interest and principal repayment on new debt, total $178 million while incremental increases to Program costs are estimated at $53 million. Program costs will be included in the operating budget of the impacted City Programs and ABCs; while debt service costs will be included in the City's Capital and Corporate Financing account in the Non-Program operating budget.

Chart 8
2008 Council Approved Capital Budget Operating Impact (2008 – 2012)
$231 Million



2008 CAPITAL BUDGET AND 2009 – 2012 CAPITAL PLAN

Toronto Water – 2008 Council Approved Budget

At its meeting on November 19 & 20, 2007, Council Approved Toronto Water 2008 Capital Budget and 2009 to 2012 Plan totalling $2.908 billion requiring no debt funding. The Five-Year Capital Plan requires 2008 Cash flow of $298.0 million; $578.8 million in 2009; $631.4 million in 2010; $690.6 million in 2011; and, $709.3 million in 2012. This represents a cash flow increase of approximately 73% or $299.3 million from 2008 to 2012.

The 2008 Council Approved Capital Budget and 2009 to 2012 Capital Plan of $2.908 billion is 64.8% allocated to state of good repair projects at $1.884 billion; 12.8% to service improvement projects at $371.5 million; 4% to legislative projects at $115.3 million; and, 18.5% to growth related projects at $537.8 million. The Five-Year Capital Plan will reduce the state of good repair backlog from $1.063 billion in 2007 to $300.6 million in 2012 (See Table 5).

Toronto Water Program
2008 Council Approved Capital Budget and 2009 – 2012 Capital Plan – by Category and Financing Source

Table 5	$Millions							
		Capital Plan						
Expenditures	**2008 Budget**	**2009**	**2010**	**2011**	**2012**	**TOTAL 2009–12**	**TOTAL 2008–12**	**Percent of Total**
State of Good Repair	151.5	388.0	415.2	446.6	482.4	1,732.2	1,883.6	64.8%
Service Improvement and Enhancement	52.6	67.7	70.4	93.3	87.4	318.9	371.5	12.8%
Legislated	27.9	25.3	20.2	22.9	19.0	87.4	115.3	4.0%
Growth Related	66.1	97.8	125.7	127.8	120.5	471.7	537.8	18.5%
Total Gross Expenditures	**298.0**	**578.8**	**631.4**	**690.6**	**709.3**	**2,610.1**	**2,908.2**	**100.0%**
Funded By:								
Reserve Funds	272.7	505.6	529.5	582.9	624.1	2,242.0	2,514.8	86.5%
Development Charges	6.2	24.5	33.2	32.1	12.2	102.0	108.1	3.7%
Other	19.1	48.7	68.7	75.7	73.0	266.1	285.3	9.8%
Total Funding	**298.0**	**578.8**	**631.4**	**690.6**	**709.3**	**2,610.1**	**2,908.2**	**100.0%**

The 2008 Council Approved Capital Budget will result in incremental operating impacts of $0.299 million in 2008; $2.077 million in 2009; and, ($1.300) million in 2010.

Funding for the Five-Year Capital Plan advances the Wet Weather Flow Master Plan; reduces the state of good repair backlog; continues the City's Water Efficiency Plan; ensures compliance with new Provincial legislation and Ministry of the Environment requirements for drinking water safety and stringent reporting requirements; increases system capacity to keep pace with population growth; and, service improvement projects, such as biosolids treatment and disposal; odour control; automated metering; increases lead water services connection replacement; and, basement flooding protection.

2008 CAPITAL BUDGET AND 2009 – 2012 CAPITAL PLAN

Toronto Parking Authority – 2008 Council Approved Budget

The Council Approved 2008 Capital Budget and 2009 – 2012 Plan for Toronto Parking Authority totals $136.196 million as shown in Table 6 below. The Capital Budget and Plan is primarily funded from the Authority's future retained earnings, which account for approximately 90% or $121.946 million. Reserve funds and other sources of financing, such as the proceeds from the sale of air rights, account for the remaining 10% or $14.250 million.

As indicated in Table 6, 48.2% of the Council Approved Capital Budget and Plan is allocated to growth related projects and 46.8 % to service improvement and enhancement projects. The capital budget and plan provides funding to continue implementation of the solar powered and environmentally friendly pay-and-display technology; to acquire property and develop new facilities to satisfy future demand for off-street parking; and, to expand and/or redevelop existing parking infrastructure. It is noted that the Toronto Parking Authority has no SOGR backlog.

Toronto Parking Authority
2008 Council Approved Capital Budget and 2009 – 2012 Capital Plan – by Category and Financing Source

Table 6	$Millions							
		Capital Plan						
Expenditures	2008 Budget	2009	2010	2011	2012	TOTAL 2009–12	TOTAL 200–2012	Percent of Total
Health and Safety	0.5	0.6	0.0	0.0	0.0	0.6	1.1	0.8%
State of Good Repair	4.5	0.9	0.1	0.1	0.1	1.2	5.7	4.2%
Service Improv. and Enhancement	6.5	22.0	20.0	8.0	7.2	57.2	63.7	46.8%
Growth Related	11.6	7.5	8.1	13.0	25.5	54.1	65.7	48.2%
Total Gross Expenditures	**23.1**	**31.0**	**28.2**	**21.1**	**32.8**	**113.1**	**136.2**	**100.0%**
Funded By:								
Reserve/Reserve Funds	1.7	0.1	2.1	0.1	1.3	3.6	5.3	3.9%
Other	21.4	30.9	26.1	21.0	31.5	109.5	130.9	96.1%
Total Funding	**23.1**	**31.0**	**28.2**	**21.1**	**32.8**	**113.1**	**136.2**	**100.0%**

The 2008 Council Approved Capital Budget will result in incremental operating revenue generated from user fees of $0.857 million in 2009; $0.420 million in 2010; $0.120 million in 2011; and, $0.120 million in 2012. In total, the incremental revenue generated from user fees amounts to $1.517 million. Note that the operating impacts do not include potential savings from energy efficiency projects.

What's in the 2008 Capital Budget – Project Highlights

Following are highlights of projects included in the 2008 Capital Budget. These projects are listed under key themes, with indication of the project deliverable/outcome, delivery date, project cost and 2008 cash flow.

Public Spaces

The City is investing in public spaces that are developed and maintained, clean and beautiful for the general community:

- Begin development of the Sony Centre for the Performing Arts, including renovation of the theatre and the addition of an "Arts & Heritage Awareness" Centre, planned to act as a resident/tourist promotional link to the cultural attractions in the Greater Toronto Area and beyond. Total project cost of $75.0 M will be funded by third-party sources, 2008 cash flow is $12.5 million
- Begin redevelopment of a new conference facility at the Automotive Building, Exhibition Place which is expected to attract major citywide events. The total project cost of $46.885 million is funded by a City loan of $35.6 million, Exhibition Place Capital Reserve Fund of $2.025 million, debt of $1.860 million, and third-party funding of $7.400 million. The 2008 cash flow is $44.550 million
- Undertake detailed architectural and related design work to implement the Council endorsed winning design for revitalization of Nathan Phillips Square ($1.989 M)
- Continue the construction of the South Access Tunnel at Union Station ($3.000 M) and begin the construction of a new loading dock at Union Station ($1.440 M)
- Continue development of mixed-use, transit-friendly, sustainable Waterfront communities that include parks and public spaces in East Bayfront and West Donlands as well as Port Union and Mimico Linear Parks ($55.131 M)
- Improve public spaces in a number of BIA areas across the City through City/BIA partnerships improving streetscapes with pedestrian lighting, planters, benches and landscaping.($4.666 M)
- Continue the multi-year restoration of Casa Loma ($2.040 M)
- Redevelop the Tundra Biome, the first phase of the North Site Redevelopment (Canadian Wilderness) at the Toronto Zoo which will feature an expanded polar bear exhibit and Tundra exhibits, to be largely completed in 2008 for an early 2009 opening ($3.260 M)
- Continue implementation of Neighbourhood Improvement Projects which dedicates up to $0.080 M per ward, per year to support projects that make Toronto's neighbourhoods even more clean and beautiful ($3.520 M).

Environment

City Council has recognized the need for improved environmental stewardship while achieving the City's infrastructure maintenance and development objectives:

- Begin implementation of the Sustainable Energy Action Plan, including Toronto Energy Conservation Fund project which provides funding for energy retrofits to municipalities, academic, social service and health entities ($6.0 M); City of Toronto Green Fund project which provides funding to acquire technology for renewable energy ($3.0 M); City Facilities Upgrades ($1.5 M); and Deep Lake Water Cooling (Total for City Hall and Police Headquarters is $5.035 M)
- Continue with conversion of conventional cooling at Old City Hall to Deep Lake Water Cooling which will result in future energy efficiency savings ($0.545 M)
- Begin implementation of electrical, heating and ventilation systems upgrades at Old City Hall ($0.250 M)
- Continue the Better Buildings Partnership project ($1.963 M) that promotes energy savings from better design and construction
- Adopt an energy efficiency plan at Exhibition Place consisting of 7 new green energy projects totalling $11.475 M

- Continue the City's energy retrofit projects, to reduce energy consumption for Community Centre Facilities, Police Buildings, 8 Transfer Stations and begin work on Community Centre Lighting, Ambulance Station retrofit, Public Health Buildings and Children's Services Facilities ($1.6 M)
- Begin implementation of Climate Change Action Plan Key Program Initiatives that will include programs such as Live Green Toronto, Eco-Roofs Program, Transportation Demand Management, Air Quality and Greenhouse Gas Emission Monitoring and Modelling, Climate Change Adaptation and also phase out the use of two-stroke engines and identify further opportunities for expansion of Deep Lake Water Cooling technology ($2.460 M)
- Continue Green Fleet Initiative to lower emissions and save fuel, using innovative greener technology ($1.149 M)
- Continue implementation of the 70% Waste Diversion Plan: new garbage carts and larger recycling carts, new recycling upgrades and green bin programs for multi-residential buildings; a network of new Reuse Centres, Source Separated Organics (SSO), and implementation of curbside collection of durable goods ($59.696 M)
- Conduct a tree canopy study and plant trees through the Tree Advocacy Program ($1.350 M)
- Develop bike trails in the former rail corridor and maintain trails and pathways. Continue implementation of 90 kms in Bikeways and various cycling infrastructure such as bike lockers and rings ($9.325 M)

Improve Public Service

To provide residents with direct and simple access to City staff and services.

- Continue to implement 3-1-1 technology to give citizens one number to contact the City for general information or to request non-emergency City services ($7.952 M)
- Begin to improve the City's website to make it more user-friendly ($2.237 M)
- Begin to improve Registry Services for death registration, marriage licence issuance, gaming and liquor license tracking and polling by December 31, 2008 ($0.355 M)
- Implement a work order system for Parks, Forestry and Recreation to deal with public requests more efficiently ($4.026 M)
- Continue development of Toronto Public Library's Virtual Branch Services ($2.127 M) to allow more services and materials to be made available through the internet
- Develop new case management tool to provide quality assurance and to integrate all components of the Ontario Works program outside of eligibility assessment and social assistance financial management ($2.000 M)
- Continue ongoing development of two IT Systems: the Shelter Management Information System and the Social Housing Information System to improve operational efficiencies ($2.642 M)
- Continue with the development of a new national Public Health Surveillance and Management System to maintain public immunization records and other public health information ($1.098 M)
- Complete the Personal Health Information Protection Act (PHIPA) System Compliance ($0.895 M) that will ensure that the existing Public Health information systems that contain personal health information are compliant with PHIPA.
- Continue with the deliverables of the Financial Planning Analysis and Reporting System multi-year planning and budgeting system to support a performance based service model implementation in time for the 2010 Budget process ($2.000 M)
- Begin to upgrade the SAP Systems, and to begin to improve SAP applications for human resources and financial systems, that will enhance personnel development qualifications and financial planning, analysis, and reporting. ($2.932 million)
- Continue implementation of Business Sustainment Systems which includes support/enhancements for IBMS projects that span various programs such as Building and MLS that are designed to enhance efficiency and improve public service ($2.551 M).

Community and Recreation Services

The City offers programs and services that improve the quality of life of all its citizens and ensures opportunity for all. To contribute to the Community and Recreation Services goals the capital budget and plan includes projects that will:

- Complete the construction/renovation/expansion of 4 community centres: renovation of Goulding CC, addition at Jenner Jean-Marie CC, expansion of O'Connor CC and South Etobicoke CC ($9.561 M)
- Complete upgrade of Flemingdon Park, sports field improvements and addition of 12 mini soccer fields ($1.425 M)
- Build new field house at the Queensway Park ($1.200 M)
- Rehabilitate/upgrade 12 playgrounds ($1.200 M)
- Continue/complete 5 waterplay splashpads: Empringham Park (Shawn Blu Rose Park), Morningside Park, McGregor Park, Eastview Park and Ancaster Park ($1.200 M)
- Advance the strategic priority to invest in the City's 13 Priority Neighbourhoods:
  - Provide new outdoor recreation facilities and a playground in at least 4 priority neighbourhoods: provide accessible playground and equipment at Crescent Town – Eastdale Parkette; renovate tennis court to create multi-sport complex at Dorset Park – McGregor CC; cricket pitch/soccer field at Jamestown – Panorama Park and provide outdoor multipurpose sports pad at Steeles/L'Amoreaux – Chester Le, Leacock Park ($1.400 M)
  - Add additional Youth space to the Warden Corridor Community Centre ($1.600 M)
  - Create additional community and youth space at 1652 Keele Street ($0.335 M)
  - Start the renovation of Father Henry Carr High School into a Community Hub and Satellite Community Health Centre ($3.200 M)
  - Begin construction of two new Child Care Centres in high-need areas ($2.087 M) including additional community spaces
  - egin construction of the Kennedy/Eglinton Library expansion ($0.950 M) and the new West Waterfront Library construction ($0.431 M)
- Begin the Regent Park Child Care Replacement Project ($0.950 M) to accommodate infants and toddlers from Regent Park Day Care Centre that will be demolished by March 2009 as part of Phase 2 of the Regent Park Revitalization Initiative
- Complete the construction of the new Thorncliffe Child Care Centre preserving service for 57 children in high-need area including service for infants ($1.226 M)
- Complete the construction of the Jane/Dundas Library renovation ($0.531 M) the Bloor/Gladstone Library renovation & expansion ($2.983 M), the Cliffcrest Library relocation & expansion ($0.450 M), Dufferin/St. Clair Library renovation ($1.373 M), and S. and Walter Steward Library renovation ($1.896 M)
- Continue construction of the Shelter and Referral Centre at 129 Peter Street (40 beds) formerly located at 110 Edward Street ($2.429 M)
- Complete 92 new and replacement shelter beds which includes: the new Bethlehem United Shelter (60 beds), ($0.250 M); and the replacement of Eva's Youth Shelter (32 beds), ($0.500 M)
- Ensure that a safe and comfortable living environment is provided for long-term care residents through Health and Safety ($7.000 M) and State of Good Repair ($1.400 M) at the City's 10 Homes for the Aged

Public Works & Infrastructure

The City has an extensive and aging infrastructure which has to be managed effectively to ensure that the services required by its citizens continue to be provided. To ensure that the City's infrastructure is maintained in a state of good repair, the Capital Budget will:

- Continue to maintain 124 kms of roads, rehabilitate 16 bridges and structures in a safe and hazard-free state and to minimize life cycle costs of these transportation assets ($112.500 M)
- Continue to increase transportation service, safety and capacity – by replacing streetcar track, St. Clair Ave. West and the Simcoe Street Underpass ($42.653 M)
- Complete Morningside Avenue/Finch Avenue East grade separation to improve safety and reduce delays to traffic at the railway crossing ($18.747 M)
- Continue implementation of 90 kms in Bikeways and various cycling infrastructure such as bike lockers and rings ($5.500 M)

Public Safety and Emergency Services

Quality and effective emergency services and public safety constitute a major demand of the citizens of Toronto. To this end, the 2008 Capital Budget will:

- Continue construction of the 11th Division Police Station and a New Training Facility, provide funding for ongoing Police Vehicle and Handheld Radio Replacements, and continue investments in information technology ($69.111 M)
- Continue the implementation of EMS' Public Access Defibrillator (PAD) Program to City of Toronto workplaces and facilities ($0.250 M)
- Complete the critical upgrades to EMS/Fire Headquarters Power Supply System to ensure that integrity of all the power feeds, linkages and back-up systems are maintained and that all primary or back up power feeds to the facility are operational in the event of power disruptions ($3.116 M)
- Continue ongoing Fire station and facilities maintenance which includes the expansion of the Toryork Fire Vehicle Maintenance Facility to minimize vehicle down-time ($3.935 M)
- Continue to implement a security plan for the City's parks ($1.365 M)
- Continue construction on the Dufferin Street Jog Elimination project designed to improve traffic flow and reduce congestion ($16.054 M).
- Continue implementation of traffic calming measures designed to reduced traffic impacts on residential neighbourhoods in the City ($0.373 M).
- Continue reconstruction of sidewalks that can no longer be economically maintained throughout the City ($4.845M)

2008 CAPITAL BUDGET AND 2009 – 2012 CAPITAL PLAN

Transit

A major priority of Council is to make Toronto a city that moves people by transit. The 2008 Capital Budget will:

- Deliver new buses for TTC conventional service (193) plus Wheel-Trans (50) ($175.526 M) for a total of 908 new conventional buses to be purchased by 2017
- Commence purchase of 204 low floor accessible Light Rail Vehicles to replace existing streetcar fleet plus 21 growth cars with delivery of a prototype in 2010 ($54.992 M)
- Make milestone payments on 234 new subway cars (39 train sets) to replace existing subway cars which will also increase capacity by 8% ($79.405 M)
- Start construction of a new Islington subway station and an interregional bus terminal at Kipling station which will be shared with GO Transit and Mississauga Transit ($19.865 M)
- Begin construction of a Bus Rapid Transit way (BRT) from Downsview to York University and continue development of a BRT via Yonge Street from Finch station to Steeles Ave ($16.015 M)
- Begin construction on 13 subway stations to make them more accessible ($10.910 M)
- Replace more than 32,000 double track feet of surface rail with a focus on Bathurst St., Dufferin St., Church St., Richmond St., McCaul St., Parliament St. and Wellington St. ($20.424 M)
- Design state-of-the-art train control and signaling systems on the Yonge-University-Spadina subway line as well as power, communications and safety upgrades ($54.829 M)
- Complete St. Clair West dedicated transit way ($32.977 M)
- Commence fire ventilation upgrade work on 3 stations (Stage 1) and continue second exit egress work ($19.000 M)
- Initiate engineering, project management, construction and related activities on the Spadina Subway Extension ($56.8 M)