

A wide-angle photograph of the Toronto skyline as seen from a park. In the foreground, there is a large green field with a baseball diamond and a few people. A dense line of trees separates the park from the city. The skyline features several prominent skyscrapers, including the CN Tower, under a clear blue sky.

CITY OF TORONTO

2008 Budget Committee

Recommended Operating Budget

March 25, 2008

Agenda

1. Moving Toward Fiscal Sustainability
2. 2008 Recommended Operating Budget
3. Conclusion

Moving Toward Fiscal Sustainability

Moving Toward Fiscal Sustainability

- Introducing a balanced 2008 Recommended Operating Budget
 - Continuous Improvement Initiatives
 - User Fee Revenues
 - New Taxation Revenues:
 - ✓ Municipal Land Transfer Tax
 - ✓ Vehicle Ownership Tax
 - Property Tax Increase
 - Provincial Investment:
 - ✓ ODB/ODSP Phased Upload
 - ✓ Transit (One-time)

Moving Toward Fiscal Sustainability

- Fundamental structural financial problem is being addressed:
 - New Taxation Revenues
 - Start uploading of Provincial Services
 - Reduced reliance on City one-time revenues
 - User Fee Strategies
- Property tax revenues still redirected to provincial cost shared programs at the expense of municipal services
- Provincial / Municipal Fiscal and Service Delivery Review underway – report expected in late Spring
- Focussed investments in New and Enhanced Services

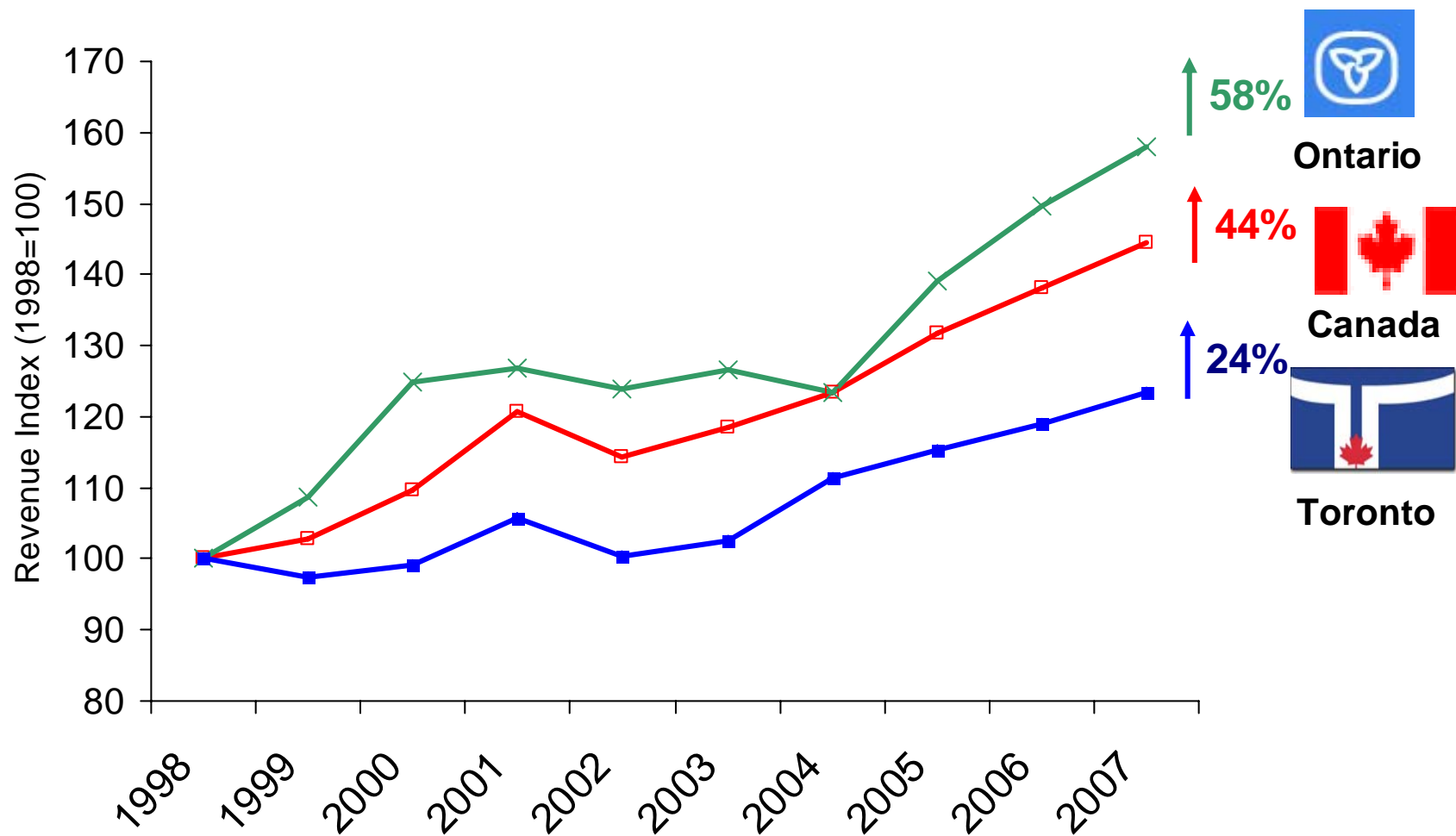
Moving Toward Fiscal Sustainability

- The City has done its due diligence:
 - Continuous improvement and efficiency savings achieved every year
 - Performance measured and benchmarked against other municipalities
 - Program reviews are in place
 - Checks and balances are in place and are working well
- City services and service levels maintained in 2007
- Staffing over the past 10 years has decreased for basic municipal services, and increased for cost-shared, transit and emergency services

Fiscal Challenges

- Inflation and debt service charges increase by about \$250M+ annually
- Increasing capital spending adds pressure to operating budget
- Increasing demand for new services to meet population growth & service gaps
- Assessment growth consistently less than the rate of inflation

Comparison of Own Source Revenues: Federal, Provincial and Toronto



2008 Operating Budget

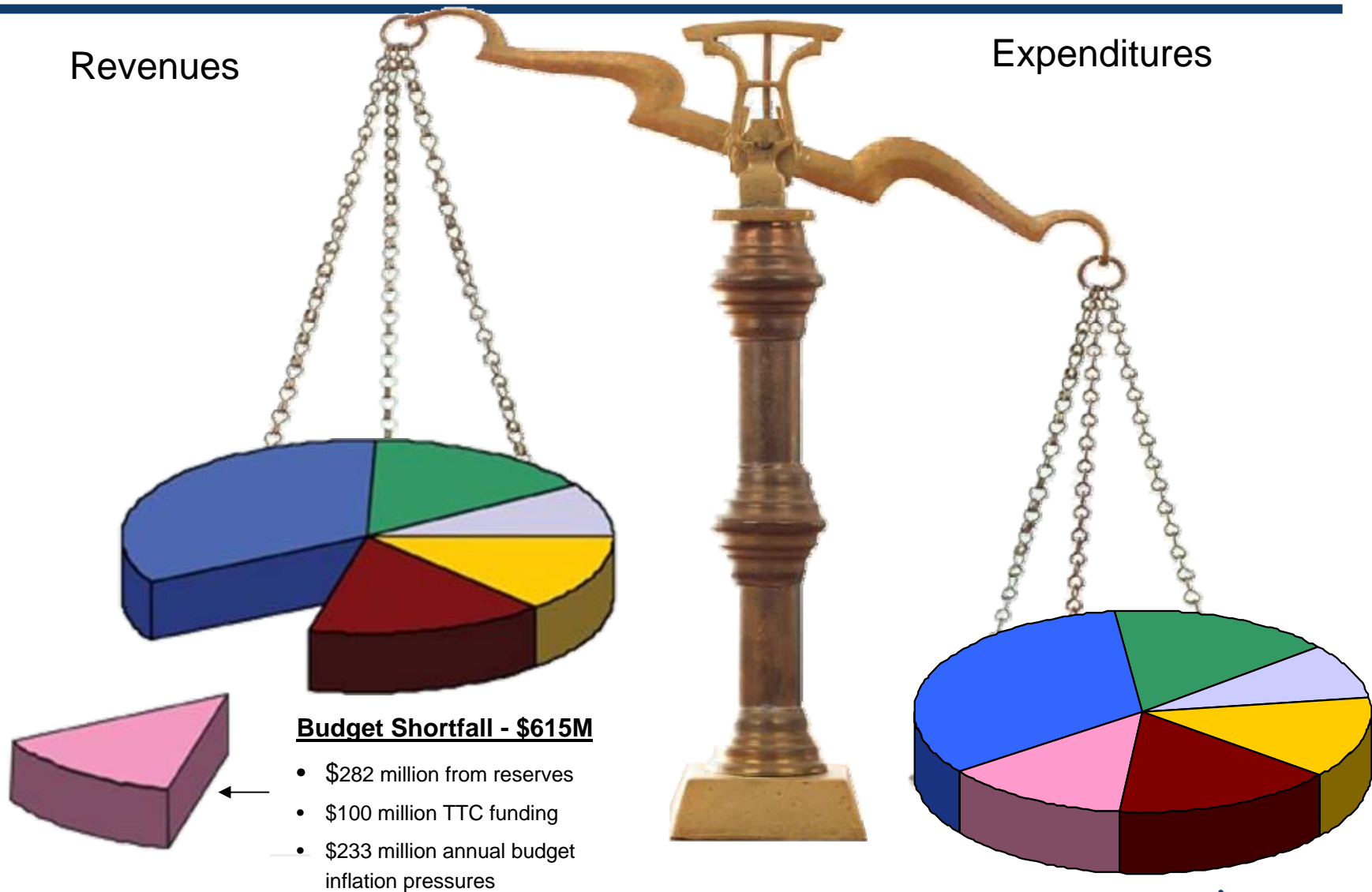
2008 Operating Budget Starting Base Budget Pressure Totalled \$615 Million

| | <u>\$Millions</u> | |
|--|-------------------|------------|
| Base Budget Changes: | | |
| - Cost of Living Allowance and Merit | 120 | |
| - Inflation | 39 | |
| - Debt Service Cost | 48 | |
| - Capital From Current Increase | 12 | |
| - Annualization and Other Base and Revenue Changes | (19) | 200 |
| Total Base Budget Impact | | 200 |
| Unsustainable Budget Balancing Strategies: | | |
| Provincial Investment - Transit Operations | 100 | |
| Hydro Revenue Reductions | 21 | |
| Non Program Reserve Draws | 282 | |
| Total Unsustainable Budget Balancing Strategies | | 403 |
| 2008 Base Budget Pressure | | 603 |
| New and Enhanced Services | | 12 |
| Total Pressure | | 615 |

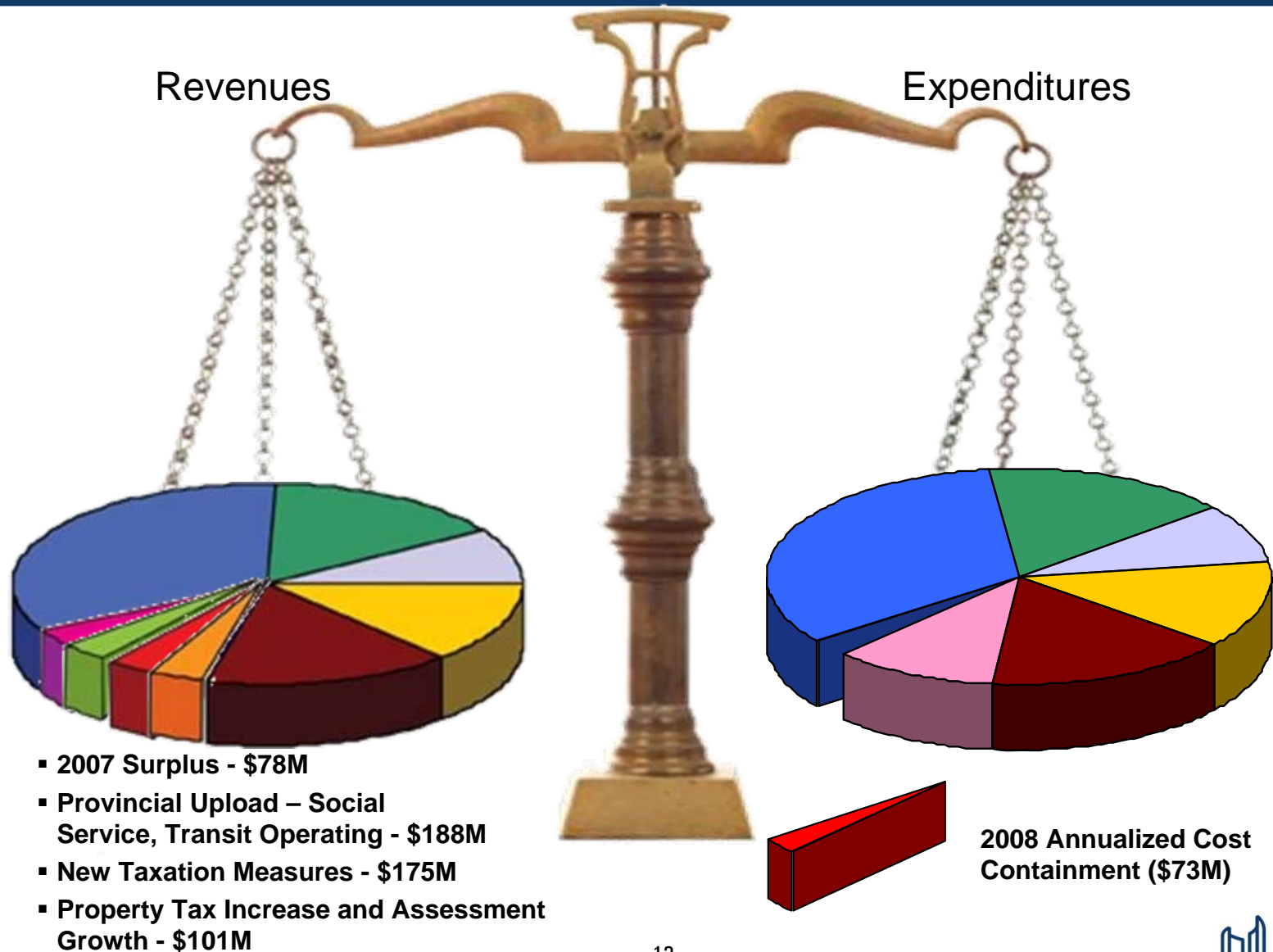
2008 Budget Shortfall

Revenues

Expenditures



How the 2008 Budget Was Balanced

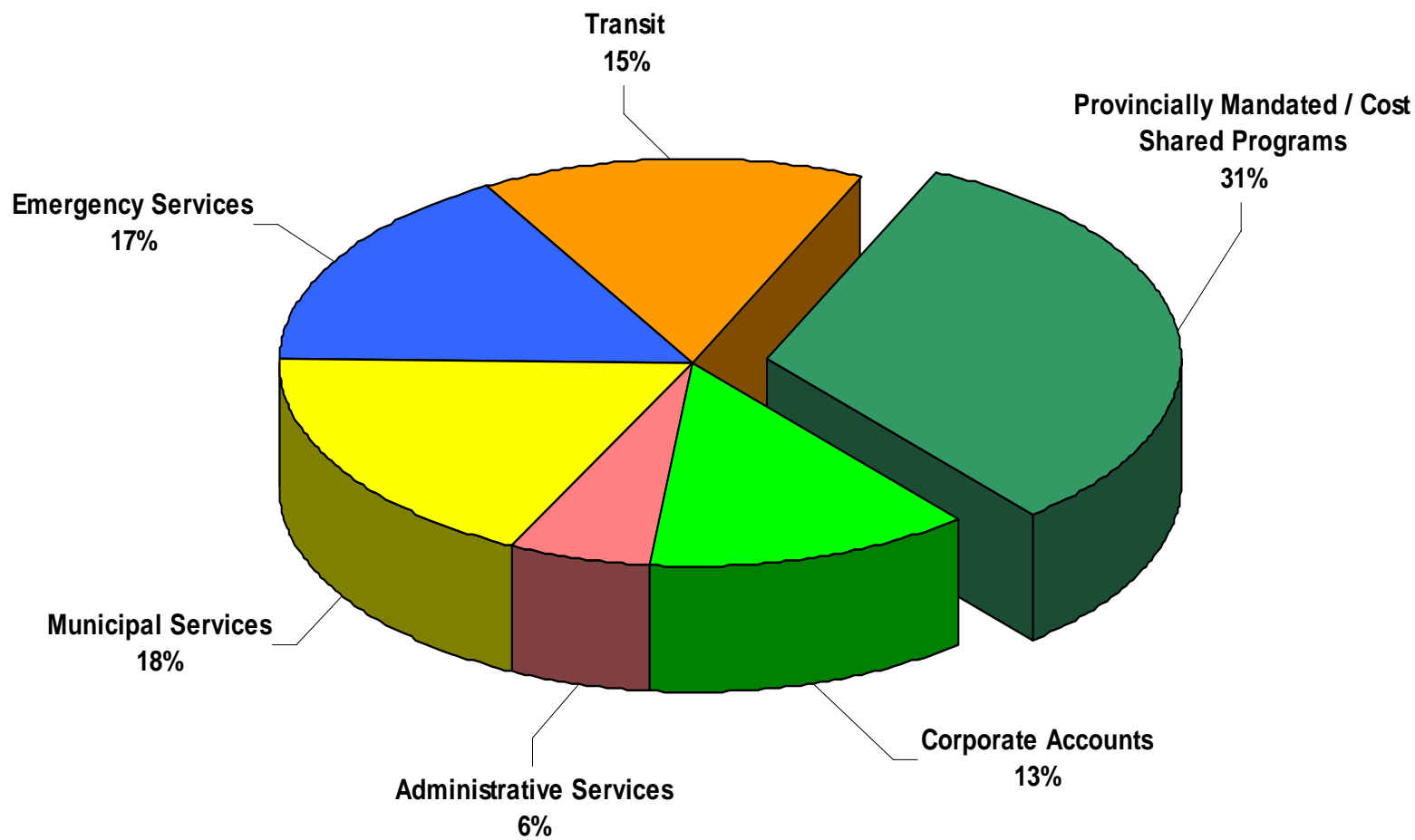


2008 Budget Recommended Balancing Strategies (\$ Millions)

| | |
|--|--------------|
| Total Pressure | 615 |
| Cost Containment / Revenue: | |
| Prior Year Surplus including 2007 Cost Containment | (78) |
| 2008 Annualized Cost Containment and Revenue Increases | (73) |
| Total Cost Containment and Prior Year Surplus | (151) |
| Adjusted Pressures | 464 |
| Provincial Investment: | |
| Social Services (ODB) | (39) |
| Transit Operations and Debt Charges (One-Time) | (149) |
| Total Provincial Investment | (188) |
| Net Pressure after Provincial Upload | 276 |
| City Taxation Revenues: | |
| New Taxes | (175) |
| Assessment Growth | (26) |
| Property Tax Increase - 3.75% | (75) |
| Total Taxation Revenues | (276) |
| Net Pressure | 0 |

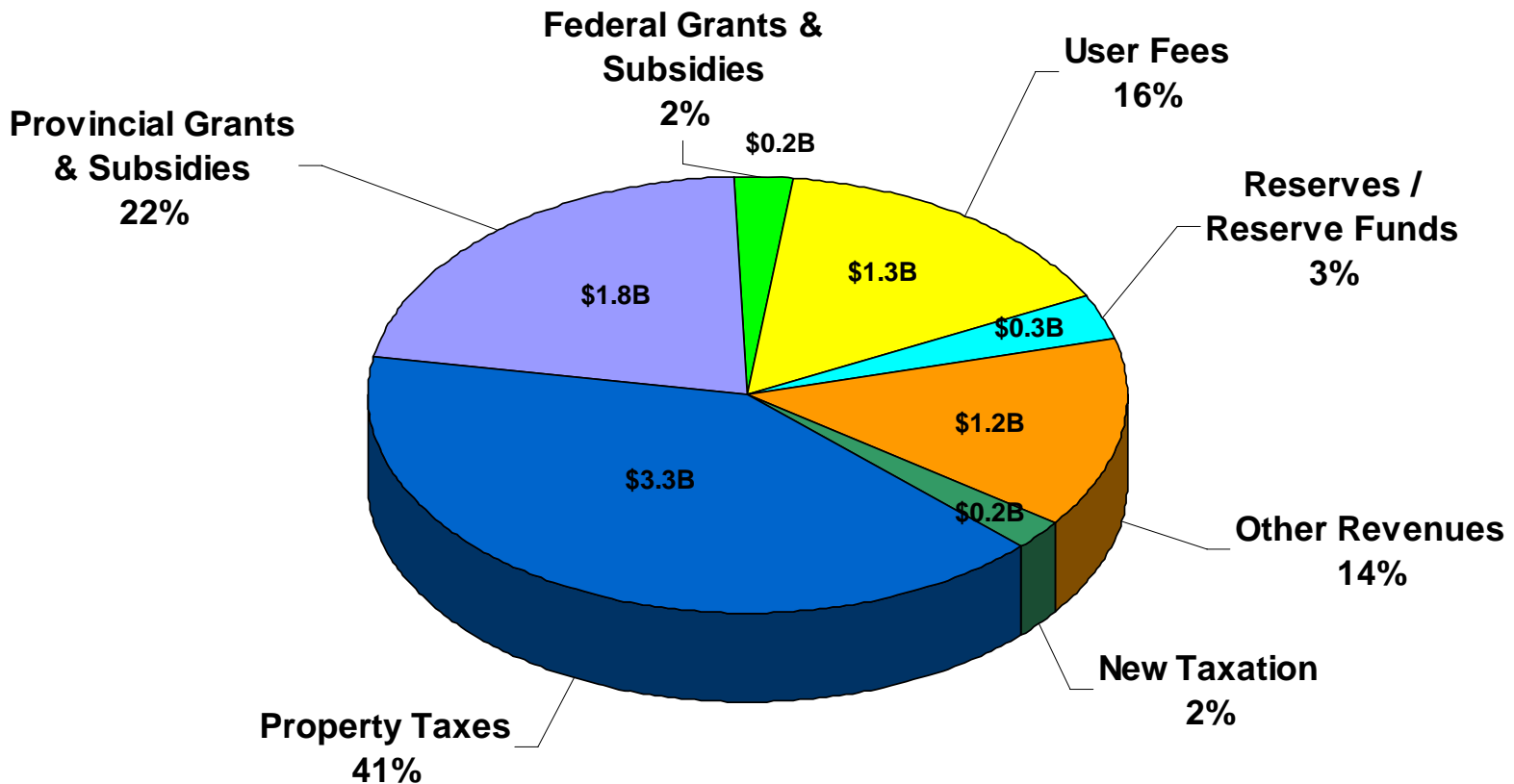
2008 Gross Expenditure Budget Totals \$8.2 Billion

- 31% Allocated to Provincially Mandated Programs



Where The Money Comes From

2008 Gross Operating Budget - \$8.2 Billion



2008 Gross Expenditures Increase by 4.0%

| (\$000s) | 2007 Approved Gross Budget | 2008 Rec'd Gross Budget | Change from 2007 Over (Under) | |
|----------------------------------|-------------------------------------|----------------------------------|----------------------------------|-------------|
| | | | \$ | % |
| Citizen Centred Services "A" | 2,883,869 | 2,918,044 | 34,175 | 1.2% |
| Citizen Centred Services "B" | 1,062,189 | 1,111,364 | 49,175 | 4.6% |
| Internal Services | 299,129 | 319,210 | 20,081 | 6.7% |
| City Manager | 39,844 | 39,651 | (193) | (0.5%) |
| Other City Programs | 97,948 | 104,650 | 6,702 | 6.8% |
| Accountability Offices | 4,464 | 5,463 | 999 | 22.4% |
| Total City Operations | 4,387,444 | 4,498,383 | 110,939 | 2.5% |
| Agencies, Boards and Commissions | 2,538,592 | 2,633,415 | 94,823 | 3.7% |
| Corporate Accounts | 933,533 | 1,038,836 | 105,302 | 11.3% |
| Operating Budget | 7,859,569 | 8,170,634 | 311,064 | 4.0% |

2008 BC Recommended Net Operating Budget Totals \$3.322 Billion

| (\$000s) | 2007 Approved Budget | 2008 Base Budget Request | 2008 Rec'd New / Enhanced | 2008 Rec'd Total Budget | Change from 2007 Over (Under) | |
|----------------------------------|----------------------------|-----------------------------------|------------------------------------|----------------------------------|----------------------------------|-------------|
| | | | | | \$ | % |
| Citizen Centred Services "A" | 942,524 | 971,489 | 1,497 | 972,986 | 30,462 | 3.2% |
| Citizen Centred Services "B" | 736,102 | 752,877 | 1,544 | 754,421 | 18,319 | 2.5% |
| Internal Services | 149,734 | 149,733 | 0 | 149,733 | (0) | (0.0%) |
| City Manager | 37,391 | 37,391 | 0 | 37,391 | (0) | (0.0%) |
| Other City Programs | 72,787 | 74,875 | 252 | 75,127 | 2,340 | 3.2% |
| Accountability Offices | 4,464 | 4,777 | 686 | 5,463 | 999 | 22.4% |
| Total City Operations | 1,943,001 | 1,991,142 | 3,980 | 1,995,121 | 52,120 | 2.7% |
| Agencies, Boards and Commissions | 1,252,230 | 1,279,094 | 6,842 | 1,285,936 | 33,706 | 2.7% |
| Corporate Accounts | 25,428 | 39,289 | 1,564 | 40,853 | 15,425 | 60.7% |
| Net Operating Budget | 3,220,660 | 3,309,525 | 12,385 | 3,321,910 | 101,251 | 3.1% |



**1.5 million TTC
riders every day**



**More than 60,000
recreation programs**



**17 million people
use our public
libraries every year**



24,000 subsidized child care spaces



**375,000 metric tonnes of
recycling annually**



**Targeting 80% reduction in
greenhouse gas emissions by 2050**

Strategic Investments Total \$53.4M Gross and \$12.4M Net

Highlights – *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)
- 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)



Strategic Investments Total \$53.4M Gross and \$12.4M Net

Highlights - *Climate Change*

- 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 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)



Strategic Investments Total \$53.4M Gross and \$12.4M Net

Highlights – *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 neighbourhoods
- Establish Public Realm unit to improve public spaces 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)
- 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)



Strategic Investments Total \$53.4M Gross and \$12.4M Net

Highlights - *70% Waste Diversion*

- To achieve the 70% Diversion Target by 2010, (\$16.500 million and \$0 net), Solid Waste Management Services will:
 - Expand the Green Bin program to include apartments & condominiums;
 - Expand the range of recyclable materials in the blue box to include: polystyrene, plastic film, ceramics/plate glass, and plastic milk jugs;
 - Establish a reusable goods drop-off centre to provide residents with a one-stop location for reusable goods; and
 - Provide single unit residences with larger recycling carts that will increase their ability to recycle;
- 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)



Strategic Investments Total \$53.4M Gross and \$12.4M Net

Highlights - *Community Health & Wellness*

- Enhance funding for the Community Partnership Investment Program to address inflationary pressures and increasing service needs in emerging communities and priority neighbourhoods. (\$1.337 million gross and 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)
- 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)



Strategic Investments Total \$53.4M Gross and \$12.4M Net

Highlights – *Creative City*

- Meet the Mayor's commitment to support Toronto's growing arts community by completing our 5-year strategy to increase arts funding -- over the past five years, funding has increased by over \$3.7M, including an additional \$1.082M in 2008
- Expand Nuit Blanche to more venues across the City (\$0.505 million gross and net)

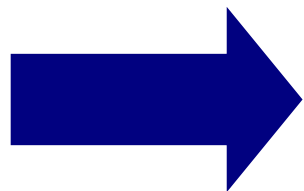


Conclusion

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- 2008 Recommended Operating Budget:
 - Maintains services and service levels
 - Includes investment in new and enhanced services that advance the Mayor's Mandate and Council's priorities
- Property Tax increase to finance inflation and modest investment to meet Council priorities
- New COTA revenue tools required for City Building but given City's fiscal gap need to accelerate to maintain services
- Negotiations with the Province must continue to permanently fix the fiscal imbalance

Moving Toward Fiscal Sustainability



- Continuous improvement and cost control ✓
- New Taxation Measures ✓
- Provincial Transit operating funding (50%) ○
- Upload Social Services programs ○
- Growth revenues – One Cent Share of GST ○
- National Transit Strategy (capital) ○

