

# Analyst Briefing Notes

## Budget Committee

(January 28, 2008)

**2008 OPERATING BUDGET**

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January 28, 2008

**2008 OPERATING BUDGET****Executive Summary**

- The 2007 year-end projected net expenditure for Toronto Building of (\$12.411) million is expected to be \$0.752 million or 6.4% below the 2007 Approved Operating Budget of (\$11.660) million and is attributed largely to hiring delays and deferral of discretionary spending as a result of cost containment measures implemented in 2007. The cost containment measures have not been recommended to continue into 2008.
- Toronto Building's 3-year Operating Budget is derived from its 2008 Service Plan which is driven by Council's priority for improving the Planning Process and meeting legislative timeframes for Bill 124. The Program will execute measures in the following three years to meet the identified challenges such as the Program's capacity to:
  - Complete permit applications for all types of building projects and to undertake mandatory inspections.
  - Improve average response times for complaint investigations.
  - Maximize revenue base in order to maintain full operating cost offset.
- The 2008 Recommended Operating Budget for Toronto Building is \$41.913 million gross and (\$11.660) million net, representing a 0% increase over the 2007 Approved Operating Budget. The 2008 Recommended Operating Budget meets the Program's 2008 Operating Budget net target.
- The 2008 Recommended Operating Budget of (\$11.660) million net is comprised of base funding with no new/enhanced service priorities. This represents a 0% increase over the 2007 Approved Operating Budget of (\$11.660) million net.
  - The Outlook for 2009 of \$0.056 million is comprised entirely of an expenditure reduction in salaries and benefits due to annualized impact of one additional working day in 2008.
  - Challenges such as capacity to meet legislated time frames for the review of complete permit applications and to improve service delivery and operations through effective use of IT infrastructure will be expedited in 2008.
- Toronto Building's 2008 Recommended Operating Budget of \$41.913 million gross will provide funding to facilitate mandatory inspections of new building construction and demolition of buildings and to review building permit and other building related applications. The program plans to improve the percentage of mandatory inspections completed within legislated time frames from 95% projected in 2007 to 98% and increase the number of applications reviewed within legislated time frames by type from 85% to 90% in 2008 .

**Table 1: 2008 Recommended Budget**

	2007		2008 Recomm'd Operating Budget			Change - 2008 Recommended Operating Budget v. 2007 Appvd. Budget		FY Incremental Outlook	
	2007 Appvd. Budget	2007 Projected Actual	2008 Recomm'd. Base	2008 Rec. New /Enhanced	2008 Rec. Operating Budget			2009	2010
	\$	\$	\$	\$	\$	\$	%	\$	\$
<b>(In \$000s)</b>									
<b>GROSS EXP.</b>	40,083.2	39,257.2	41,912.6	0.0	41,912.6	1,829.4	4.6	(55.9)	
<b>REVENUE</b>	51,743.2	51,668.7	53,572.6	0.0	53,572.6	1,829.4	3.5	0.0	
<b>NET EXP.</b>	(11,660.0)	(12,411.5)	(11,660.0)	0.0	(11,660.0)	0.0	0.0	(55.9)	0.0
<b>Approved Positions</b>	407.5	407.5	407.5	0.0	407.5	0.0	0.0		
<b>TARGET</b>			<b>(11,660.0)</b>		<b>(11,660.0)</b>				
<b>\$ Over / (Under) Program Target</b>			<b>0.0</b>		<b>0.0</b>				
<b>% Over / (Under) Program Target</b>			<b>0.0%</b>		<b>0.0%</b>				

- The 2008 Recommended Base Budget of \$41.913 million gross and (\$11.660) million net meets the Program's net target of (\$11.660) million and comprises of base funding and no new/enhanced service priorities.
  - The Outlook for 2009 of \$0.056 million comprises entirely of an expenditure reduction in salaries and benefits due to annualized impact of one additional working day in 2008.
- The 2008 Recommended Base Budget for Toronto Building is consistent with the service delivery strategies outlined in Program's 2008 Service Plan and provides funding for base budget pressures and service priorities which include the following:
  - An expenditure increase of \$1.829 million in the 2008 Recommended Base Budget for Toronto Building is needed to fund annualizations, merit and step increases, union settlements, and wage increases for exempt staff, as well as other base changes.
  - The \$1.829 million increase in revenues recommended in the 2008 Base Budget is largely due to annual increase to building permit and other building related fees based on City Council approved fee structure that reflects both 100% cost recovery and annual inflationary adjustments.
- The 2008 Recommended Operating Budget for Toronto Building includes funding of \$0.100 million for Council's Priority of "Making Green Roofs Happen" and for plans to implement Climate Change, Clean Air, and Sustainable Energy Action Plan recommendations. The Program's Recommended Operating Budget also includes funding to accelerate the development and implementation of a harmonized City-wide Sign By-law.

- The Program's 2006 activity levels show 162,000 building inspections and 33,176 building permits with a construction value of \$3.74 billion. Projections are that 2007 and 2008 activity levels will be similar, however building permits are expected to decline slightly with lower construction volume.

**Recommendations**

The City Manager and Chief Financial Officer recommend that:

1. the 2008 Recommended Operating Budget for Toronto Building of \$41.913 million gross and (\$11.660) million net, comprised of the following services, be approved:

<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
Toronto Building	<u>41,912.6</u>	<u>(11,660)</u>
Total Program Budget	<u><u>41,912.6</u></u>	<u><u>(11,660)</u></u>

## Section A: 2007 Budget Variance Analysis

**Table 2: 2007 Budget Variance Review**

	2006 Actuals	2007 Approved Budget	2007 Projected Actuals*	2007 Appvd. Budget vs Projected Actuals Variance	
(In \$000s)	\$	\$	\$	\$	% Unspent
<b>GROSS EXP.</b>	36,210.7	40,083.2	36,957.3	3,125.9	7.8
<b>REVENUES</b>	47,939.4	51,743.2	49,368.7	2,374.5	4.6
<b>NET EXP.</b>	(11,728.7)	(11,660.0)	(12,411.4)	751.4	(6.4)
<b>Approved Positions</b>	401.5	407.5	371.5	36.0	8.8

Source: \*Projected Actuals Based on the September 30, 2007 Variance Report.

### 2007 Experience

Based on the 3rd Quarter Operating Budget Variance Report, Toronto Building is projecting a favourable variance of \$0.752 million at year end. This variance is 6.4% below the 2007 Approved Operating Budget of (\$11.660) million. The forecasted favourable variance is attributed to savings in gross expenditures.

- The 2007 Toronto Building's gross expenditures are projected at \$36.957 million by the end of the year, \$3.126 million, or 7.8% below the 2007 Approved Operating Budget's gross expenditures of \$40.083 million. This variance is due largely to hiring delays and deferral of discretionary spending as a result of cost containment measures implemented in 2007.
- The Program expects to be slightly below target on meeting some of its performance standards as a result of the high vacancy rate experienced in 2007; consequently, year-end revenues are projected at \$2.375 million or 4.6% below the 2007 Approved Operating Budget revenue of \$51.743 million due to anticipated deferral of revenues for work not completed.
- Projections based on the 3rd Quarter Operating Variance Report indicates 36 approved positions will be vacant at year end largely as a result of hiring delays. Toronto Building is proceeding with measures to complete the hiring program so as to provide necessary resources to meet service objectives.

### 2007 Cost Containment Savings

- As per the 3rd Quarter Variance Report (see table below), Toronto Building expects to achieve cost containment savings of \$0.752 million in 2007. The cost containment measures will result in savings in salaries and expenses of \$0.496 million from position vacancies and the deferral of discretionary spending of \$0.255 million by the end of the year.

## 2007 Cost Containment Table

Net Cost Containment Savings	2007 (\$000s)	2008 (\$000s)	Comments
<b>Hiring Freeze Savings:</b>			
Hold 3 Full-time Vacant Positions	496.0		One-time
<b>Service Level Adjustments:</b>			
Delay in consultation and development of the by-law on the proposed green roof standard	100.0		One-time
<b>Sub-total</b>	<b>100.0</b>	<b>0.0</b>	
<b>Discretionary Savings:</b>			
Reduced Business travel, advertising and print materials, and some equipment and supplies	155.5		One-time
<b>Sub-total</b>	<b>155.5</b>	<b>0.0</b>	
<b>TOTAL COST CONTAINMENT</b>	<b>751.5</b>	<b>0.0</b>	

## Impact of 2007 Operating Variance on the 2008 Recommended Budget

- The projected favourable variance for Toronto Building in 2007 of \$0.752 million in gross expenditures or 1.9% is not expected to continue in 2008.
  - The 2007 cost containment measures have not been recommended to continue into 2008.
- A reconsideration of Local 79 harmonization award is presently underway and although a decision is not anticipated in 2007, an award would impact on the Program's gross expenditures.
  - The Program has confirmed its ability to accommodate any additional costs resulting from a Local 79 harmonization award from savings realized due to vacant staff positions and/or from the Service Improvement Reserve Fund, if required.

## Section B: 2008 Operating Budget Overview

### 3-Year Operating Budget Overview

Toronto Building's strategic direction over the next 3 years is driven by Council's priority for improving the Planning Process and meeting legislative timeframes for Bill 124. The Program will execute the under listed measures in the following three years to meet the identified challenges:

- Increase capacity to meeting legislative timeframes and establish an effective response to new legislation and changes to legislation that affects the program.
- Maximize revenue base and effectively use IT infrastructure to improve service delivery and operations.
- Implement Environmental Initiatives such as the Green Roof Standards will be addressed as well as Implementing Climate Change, Clean Air and Sustainable Energy Action Plan recommendations.
- Develop and implement a new Consolidated Sign By-law.

The Program will accomplish its priorities by implementing a number of measures including the following:

- **Increase Program's Capacity**
  - Complete the hiring program currently underway to provide the necessary resources to meet service objectives.
  - Continue to provide training for staff to maintain mandatory qualification through internal training and development program that delivers Provincial technical training opportunities.
  - Implement and monitor new service efficiencies developed through Development Application Review Project (DARP).
  - Implement transfer of Fire Systems review and inspection from Fire Services to Toronto Building with no new resources. It is anticipated that the transfer of Fire Systems review and inspection responsibilities will be completed by January 2008.
- **Maximize Revenue Base**
  - Review all user fees based on the new User Fee policy and implement indexing of all user fees not currently indexed.
  - Continue to track waived permit fees so as to implement measures for full cost recovery.
- **Use IT Infrastructure**
  - Support the development and implementation of the 311 system and implement Remote Computing and Interactive Voice Response (IVR) for Inspection Services to improve service delivery.



- Undertake continuous improvement to the functionality and reporting capability of Integrated Business Management System (IBMS) and the conversion of legacy data to IBMS and implement a Document Management (microfilm conversion) Program.
- **New Legislation**
  - Building Code Act and Regulations: establish dedicated in-house code change committees to identify, develop and implement required procedural changes resulting from legislative changes.
  - COTA, Planning Act, Heritage Act, and Clean Water Act: Ensure early identification of changes that could affect Program's area of responsibility or processes.
- **New Consolidated Sign By-Law**
  - Commence the implementation of the New Consolidated Sign By-Law Project, which received Council's approval in December 2007. The Project, which requires total funding of \$0.943 million phased with \$0.027 million in 2007, \$0.678 million in 2008 and \$0.238 million in 2009, is to be funded from the Public Realm Reserve Fund (see Sign By-law harmonization funding table below).
  - This Project will explore new revenue streams such as sign or billboard tax and prepare a report in 2008 for Council's approval. New revenues of \$0.400 million in 2009 and \$0.543 million in 2010 have been identified towards repayment subject to review during the 2008 budget process.
  - Repay the total funding of \$0.943 million in 2 instalments in 2009 (\$0.400 million) and in 2010 (\$0.543 million) from revenues generated by the new tax and/or fee regime applied to signs and billboards.

## Sign By-law Harmonization Funding

Item	2007	2008	2009	2010	Total
Sign By-law Development	27,000	678,000	238,000		943,000
Repayment into Reserves			(400,000)	(543,000)	(943,000)
New Revenues*			400,000	543,000	943,000

\*Revenue projections subject to review in 2008

- Toronto Building will identify and deploy staff resources and engage a consultant to conduct internal and external consultations. The program will also develop an implementation strategy and undertake secondary consultation prior to seeking Council approval to proceed with implementation. The project's total funding in the 2008 Recommended Operating Budget is \$0.678 million.
- **Other Priorities**
  - The outlook for 2009 and 2010 forecasts the Program's review of revenue volumes in order to maintain the 2008 levels of service. These adjustments are expected to create a revenue impact in 2009 and in 2010 which reflects both 100% cost recovery and an annual inflationary increase.
  - The 2008 Recommended Operating Budget, and the 2009 and 2010 outlook includes funding in the base budget for activities which advance the Mayor's Mandate and

Council's priorities for environmental sustainability, a clean and beautiful city and making housing affordable.

## **Challenges and Issues**

Toronto Building's mission is:

To enhance the quality of life in the City of Toronto for all residents, businesses and visitors, through superior services delivered with professionalism, honesty, and integrity while enhancing and beautifying communities where people live, work and play.

To achieve this mission, the Program is structured along the following 2 service lines:

### **1. Building Permission & Information**

- **Building Permission:** To review building permit and other applications. The Building Permission Section guides and supports property owners, designers and contractors in obtaining permits for demolition, construction and renovation of buildings to ensure that the buildings are safe, healthy, structurally sufficient, accessible and environmentally sustainable.
- **Information:** To manage the administration of the application process to guide and support property owners and contractors in obtaining building permits as well as providing building information and property records in accordance with Freedom of Information (FOI) policies and procedures.
- **Preliminary Review:** To provide preliminary review of project documents to identify areas of non compliance with applicable laws or requirement for approvals related to other applicable laws.

### **2. Building Inspections**

- To conduct mandatory inspections for new building construction and demolition of buildings in order to ensure that the buildings are safe, healthy, structurally sufficient, accessible and environmentally sustainable.
- To investigate building related complaints, resolve issues or takes appropriate enforcement action.
- Ensure the construction, renovation and demolition of buildings achieves the health, safety, accessibility, conservation, and environmental provisions of the Building Code Act and other applicable law.

The 2008 Recommended Operating Budget for Toronto Building includes funding to support a number of initiatives which address the following identified challenges:

- **Challenges:**
  - To increase the Program's capacity to meet legislated time frames for the review of complete permit applications for all types of building projects.
  - To increase the Program's capacity to meet legislated time frames for mandatory inspections and improve average response times for complaint investigations.
  - Maximize revenue base to maintain full operating cost offset.

- Plans:
  - Complete the hiring program currently underway to provide the necessary resources to meet the service objective.
  - Continue to train and prepare staff for mandatory qualification through internal training and development program that delivers provincial technical training opportunities.
  - Implement and monitor new service efficiencies developed through DARP.
  - Implement transfer of Fire Systems review and inspection from Fire Services to Toronto Building with no new resources.
  - Implement review of all user fees based on the new User Fee policy.
  - Implement indexing of all user fees not currently indexed.
  - Continue to track waived permit fees.
- Service Delivery Strategies:
  - Allocation of staff to work with Human Resources staff to prepare and complete the Program's hiring plan.
  - Continue the Development Application Review Project (DARP) working with the industry and staff to develop and implement process efficiencies.
  - Staff team in place to assess, prepare and deliver technical training to staff that require additional mandatory qualifications in order to perform their job responsibilities. Team will also administer the qualification process with the provincial office.
  - Continuous improvement to the functionality and reporting capability of IBMS.
  - Transfer of responsibility for Plan Review and Inspections of active suppression and early warning systems from Fire Services.
  - Look for additional revenue sources and implement indexing of current fees that are not indexed.
  - Contribute to the development of a Corporate Fee Waiver policy.

Toronto Building will continue to support the application, understanding, and innovation of Building regulations by striving to provide excellence in City services, caring, and responding to the development community, other City Divisions, Agencies, Boards, Commissions, and the Council of the City of Toronto.

## **Strategic Priorities**

The 2008 Recommended Operating Budget for Toronto Building advances the following strategic priorities outlined in Council's current policy agenda:

- ***Environmental Initiatives - Making Green Roofs Happen***

City Council approved the Planning and Growth Management Committee recommendations that Toronto Building proceed with the development of a green roof building standard for the City of Toronto, to further implement the recommendations of "Making Green Roofs Happen" and as a means of making this component of the Green Development Standard mandatory.

The Program was directed by Council to:

- Engage Province for authority to fast-track changes to the energy and sustainability requirements of the Ontario Building Code and development of “deemed to comply” solutions for 2012 Code requirements.
- Provide facilitation of renewable energy installations with applicants and where necessary, amendments to policies and procedures.
- Report back with a proposed green roof construction standard based on public consultation. Funding of \$0.100 million was approved in 2007 for consultation and development of the by-law on proposed green roof standard.

The current Building Code (2006 version) contains a new section 'Part 12 Resource Conservation' that includes provisions for energy efficiency of building designs and requirements that increase the energy efficient design requirements for buildings seeking permits on and after January 1, 2012. Toronto Building will engage the Province to seek authority to introduce these 2012 energy efficiency requirements sooner than 2012.

Although implementation has been delayed owing to cost containment measures implemented by the City during the year, it is anticipated that the program will address any future funding constraints by seeking alternative external funding sources to facilitate faster development and implementation of a green roof building standard. Funding of \$0.100 million has been recommended in the 2008 Operating Budget for consultation and development of the by-law on proposed green roof standard.

- ***New harmonized City-wide Sign By-Law Project***

City Council, at its meeting of December 11, 12 and 13, 2007 approved funding for Toronto Building to accelerate the development and implementation of a harmonized City-wide Sign By-law beginning in 2007. A preliminary Work Plan developed by Toronto Building estimates that the Project will cost a total of \$0.943 million to implement over a period of 18 months.

Council approved funding be drawn from the Public Realm Reserve Fund of \$0.027 million in 2007, \$0.678 million in 2008, and \$0.238 million in 2009 to meet the Project implementation costs.

The Program was subsequently to undertake the following:

- Hire resources for a multi division staff project team.
- Retain consultant to assist with the external consultations and development of the technical standards within the consolidated by-law.
- Consultations, both internal and external, will occur prior to and following the development of the consolidated sign by-law.
- Repay the consolidated by-law financing from new revenues expected from the consolidated sign by-law implementation.

It is anticipated that once fully developed and implemented, a harmonized City-wide Sign By-law will generate adequate revenues to off-set any additional implementation costs. Program staff are in the process of preparing a report on potential funding options for consideration by Council by the fourth quarter of 2008.

### Section C: 2008 Recommended Base Budget

**Table 3: 2008 Recommended Base Budget**

(In \$000s)	2007 Appvd. Budget	2008 Requested Base	2008 Recommended Base	Change 2008 Recommended Base v. 2007 Appvd. Budget		FY Incremental Outlook	
						2009	2010
	\$	\$	\$	\$	%	\$	\$
<b>GROSS EXP.</b>	40,083.2	41,912.6	41,912.6	1,829.4	4.6	(55.9)	
<b>REVENUE</b>	51,743.2	53,572.6	53,572.6	1,829.4	3.5	0.0	
<b>NET EXP.</b>	(11,660.0)	(11,660.0)	(11,660.0)	0.0	0.0	(55.9)	0.0
<b>Approved Positions</b>	407.5	407.5	407.5	0.0	0.0		
<b>NET TARGET</b>		<b>(11,660.0)</b>				<b>0.0</b>	<b>0.0</b>
<b>\$ Over / (Under) Program Target</b>		<b>0.0</b>	<b>0.0</b>			<b>(55.9)</b>	<b>0.0</b>
<b>% Over / (Under) Program Target</b>		<b>0.0%</b>	<b>0.0%</b>			<b>0.48%</b>	<b>0.00%</b>

### 2008 Recommended Base Budget

- The 2008 Recommended Base Budget of (\$11.660) million net represents an increase of 0% over Toronto Building's 2007 Approved Operating Budget, while maintaining 2007 service levels.
- The increase of \$1.829 million in gross expenditure in the 2008 Recommended Base Budget will fund annualizations, cost of living adjustments, and merit and step increases.
- The increase in expenditures will be offset by an increase in revenues of \$1.829 million as a result of an annual increase to building permit and other building related fees, resulting in net revenue of (\$11.660) million.
- Toronto Building's 2008 Recommended Base Budget results in 407.5 approved positions, the same as the approved staff levels in 2007.

### 2008 Key Cost Drivers and Reduction Strategies

- Cost-of-living adjustments (COLA) that average 3.25% for 2008 are non-discretionary expenditures that result in additional costs of \$0.909 million and merit & step increases of \$0.466 million.
  - Other staff costs increases of \$0.114 million to cover annualization costs for six new positions approved in 2007 and \$0.115 million for one additional working day in 2008 is also funded.
- To alleviate some of this expenditure impact, the 2008 Recommended Base Budget incorporates the following incremental revenues as well as expenditure reductions:

- An increase in base revenues of \$1.166 million based on Council approved fee structure that reflects both 100% cost recovery and annual inflationary adjustments.
- A reduction of \$0.178 million as a result of position by position review undertaken in 2007 to adjust the salaries and benefits budget to be consistent with current payroll and HRIS information.
- Reduction of \$0.259 million from various expenditure categories such as Materials and Supplies, Equipment and Services.

**2009 and 2010 Outlook: Net Incremental Impact**

The 2009 outlook reflects an expenditure reduction of (\$0.056) million comprised of annualization of salaries for one additional day. The 2009 and 2010 outlooks do not include provisions for cost of living allowance (COLA), as the increases are subject to future negotiations, nor for merit/step increases, since these amounts are yet to be determined.

**Section E: Issues for Discussion****2008 Operating Budget Issues****a) Performance Targets**

Toronto Building expects to be slightly below target on meeting some of its performance standards as a result of the high number of vacant positions experienced in 2007 which is projected at 36 at the end of end of the year based on the 3rd quarter Operating Variance report.

The Program has developed a hiring strategy which is presently being implemented to fill vacant positions; employees are also undergoing continuous training to enable them to maintain mandatory qualifications. It is anticipated that Toronto Building will be able to attain its performance target once the hiring program is fully implemented.

**b) Annual Report - Building Permit Fees**

In April 2007, Toronto Building prepared the “Building Permit Fees 2006 Annual Report” which was submitted to the Planning and Growth Management Committee to demonstrate that building permit fees collected did not exceed the anticipated reasonable costs of the principle authority to administer and enforce the Building Code Act, as required by legislation.

Measures will be required in future to make certain that efficiencies are identified and that all the gross revenues and expenditures including any Program permit fee waivers are captured to ensure full cost recovery annually as authorized under the Building Code Act.

**Future Year Issues****a) Corporate Fee Waiver Policy**

In May 2000, Council adopted policy that provided for exemption of planning application fees, building permit fees and parkland dedication requirements on qualified non-profit rental housing projects that were either City-owned, or City-funded. Council has from time to time considered waiving building permit and other fees related to certain projects, including projects that meet the definition of affordable housing as approved by Council.

Toronto Building will continue to track the impact of any decisions to waive permit fees on the 2008 budgeted revenue in view of the Program's requirement to comply with legislative full cost recovery and consider any implications in the development of the 2009 Operating Budget and future revenue forecasting. The program will participate on the Development Fee Exemption Working Group in the preparation of a Corporate Policy on Development Related Fee Waiver Requests and make appropriate policy and procedural changes to the Program once the Fee Waiver Policy is approved.

**b) Sign By-law Harmonization Revenue**

City Council, at its meeting of December 11, 12 and 13, 2007 approved funding to accelerate the development and implementation of a harmonized City-wide Sign By-law beginning in 2007 with its total cost of \$0.943 million to be funded from the Public Realm Reserve Fund.

Council further directed that any funds expended by Toronto Building for the accelerated implementation of a harmonized City-wide Sign By-law be paid back to the Public Realm Reserve Fund from proceeds generated by new tax and/or fee regime that would be applied to signs and/or billboards (see Sign By-law harmonization table for yearly breakdown).

Toronto Building is presently exploring a number of potential funding sources and it is anticipated that the Program will submit a report on new/alternative revenue sources to City Council for approval by December 2008. The new Sign By-law revenue projections from the staff report would thereafter be included in the 2009 Operating Budget revenues for Toronto Building.



# Appendix 1

## Summary of Recommended Base Budget Changes From 2007 Approved Budget

	Approved Positions	Gross Expenditures	Revenues	Net	2009	2010
(In \$000s)		\$	\$	\$	\$	\$
<b>2007 Council Approved Operating Budget</b>	<b>407.5</b>	<b>39,699.5</b>	<b>51,668.7</b>	<b>(11,969.2)</b>		
In-year approvals and technical adjustments						
a) 2007 Corporate Insurance Adjustment		317.4		317.4		
b) Sign By-law Harmonization		27.0	27.0	0.0		
c) Transfer of Bentley Licences Budget to City Planning		(8.2)		(8.2)		
d) Program Review - Inspection, Enforcement & Prosecution		47.5	47.5	0.0		
<b>2007 Final Operating Budget</b>	<b>407.5</b>	<b>40,083.2</b>	<b>51,743.2</b>	<b>(11,660.0)</b>	<b>0.0</b>	<b>0.0</b>
Prior year impacts		113.6		113.6		
Zero based items				0.0		
Economic factors		1,375.0		1,375.0		
<b>Adjusted Base Budget</b>	<b>407.5</b>	<b>41,571.8</b>	<b>51,743.2</b>	<b>(10,171.4)</b>	<b>0.0</b>	<b>0.0</b>
Other base changes		340.8	663.5	(322.7)	(55.9)	
Base revenue changes			1,165.9	(1,165.9)		
<b>2008 Base Budget Request</b>	<b>407.5</b>	<b>41,912.6</b>	<b>53,572.6</b>	<b>(11,660.0)</b>	<b>(55.9)</b>	<b>0.0</b>
Recommended Base Adjustments:						
Base changes						
Service efficiencies						
Revenue adjustments						
Minor service impact						
Major service impact						
<b>Total Recommended Base Adjustments</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>2008 Recommended Base Budget</b>	<b>407.5</b>	<b>41,912.6</b>	<b>53,572.6</b>	<b>(11,660.0)</b>	<b>(55.9)</b>	<b>0.0</b>
<b>2008 Program Operating Target</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>(11,660.0)</b>	<b>0.0</b>	<b>0.0</b>
<b>% Over (Under) Program Target</b>				<b>0.0%</b>	<b>0.5%</b>	<b>0.00%</b>
<b>% Over (Under) 2007 Appvd. Budget</b>				<b>0.0%</b>	<b>0.5%</b>	<b>0.00%</b>
<b>% Over (Under) 2007 Appvd. Budget</b>				<b>0.0%</b>	<b>0.0%</b>	<b>0.00%</b>



## Appendix 4

## Inflows / Outflows to / from Reserves &amp; Reserve Funds

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Business Case / Issue	Balance as of December 2007 \$	Proposed Withdrawals (-) / Contributions (+)		
				2008 \$	2009 \$	2010 \$
Building Code Act Service Improv't	XR1305	Annual Contribution	6,310.3	2,100.0	2,100.0	2,100.0
Public Realm Reserve Fund	XR1410	Sign By-law Consolidation	34,580.0		400.0	543.0
Public Realm Reserve Fund	XR1410	Sign By-law Consolidation	34,580.0	(678.0)	(238.0)	
Innovation Reserve Fund	XR1713	Program Review	1,726.4	(60.0)		
Insurance Reserve Fund	XR1010	Annual Contribution	24,027.8	317.4	317.4	317.4
<b>Total Reserve / Reserve Fund Draws / Contributions</b>				<b>1,679.4</b>	<b>2,579.4</b>	<b>2,960.4</b>

- The Building Code Act Service Improvement Reserve Fund is used by Toronto Building to manage fluctuations in volumes of permit activity and allow for investments in service delivery improvements such as technology to meet new requirements of the Act regarding collection of permit fees and expenditure and other related reporting requirements.
- The New Consolidated Sign By-Law Project, which received City Council's approval in December 2007, will be funded from the Public Realm Reserve Fund up to a total of \$0.943 million. Funding for the Project is phased over 3 years with \$0.027 million in 2007, \$0.678 million in 2008 and \$0.238 million in 2009 and will be repaid in two yearly instalments of \$0.400 million and \$0.543 million in 2009 and 2010 respectively.
- City Council, in June 2006, approved the establishment of the Innovation Reserve Fund to provide funding for incremental cost of acquiring external resources, for backfilling key staff positions and other related costs required to undertake Program reviews. Toronto Building expects to utilize \$0.108 million from the reserve fund in 2007 and 2008 to support Program review activities.