

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 Third Quarter Variance Report projects year-end net expenditures of \$13.591 million which will be \$0.055 million or 0.4% below the 2007 Approved Budget of \$13.646 million. This favourable variance results from a combination of expenditure savings of \$1.692 million arising from vacant positions which have been offset by \$1.637 million in lower than anticipated revenues resulting from the mix of application types which have been different than in previous years.
 - Projected gross expenditure savings in 2007 have no impact on the 2008 Recommended Operating Budget as City Planning's vacant positions have either been filled or are in the process of being filled.
 - The lower than anticipated revenues projected for 2007 have no impact on the 2008 Recommended Operating Budget for City Planning as 2008 budgeted revenues are based on an application mix similar to what had been experienced in previous years. These revenues will continue to be evaluated over 2008 to determine if any adjustments should be considered for the 2009 Operating Budget.
- The 3-Year Operating Budget supports City Planning's objective of guiding and managing the City's physical change and growth, and the effects on the social, economic and natural environment while seeking to enhance the quality of life for Toronto's diverse residential and business communities. It faces the following difficulties in achieving its service mandate:
 - Both volume and complexity of development applications in the City make it difficult for the Program to provide the established level of service for the processing of applications. This creates a risk of an appeal to the OMB if they are not reviewed in a timely fashion.
 - City Planning faces a challenge in supporting the level and quality of meaningful civic engagement and consultation that is demanded by the public and Council, and is needed in a mature built urban context.
 - OMB appeals must take precedence over applications which are not under appeal. In accordance with the OMB rules and procedures, obligations must be met for supporting documentation for hearings. This puts additional pressure on the ability to review applications in a timely manner.
 - Proactive intervention (comprehensive reviews or studies beyond a single site) result in changes to rules and regulations that clarify and keep current Council's intentions for an area of the City. The demand for planning studies has increased since the approval of the Official Plan last year and the backlog of study requests is growing beyond a level that City Planning can accommodate.
 - Failure to complete a Heritage Review within a set time frame will result in an automatic approval with respect to a heritage perspective. This creates a high level of risk for the

Division if they are unable to keep pace with the growing Inventory of Heritage Properties.

- The creation of the Greater Toronto Transit Authority (now known as MetroLinx) has resulted in significant demands on staff resources to provide information and feedback on MetroLinx initiatives.
- The 2008 Recommended Operating Budget for City Planning is 3.3% (\$0.454 million) over the Program's 2007 Approved Operating Budget.

Table 1: 2008 Recommended Budget

(In \$000s)	2007		2008 Recommended Operating Budget			Change - 2008 Recommended from 2007 Approved Budget		FY Incremental Outlook	
	2007 Approved Budget	2007 Projected Actual	2008 Base	2008 New /Enhanced	2008 Operating Budget			2009	2010
	\$	\$	\$	\$	\$			\$	\$
GROSS EXP.	34,265.6	32,421.1	34,774.0	542.7	35,316.7	1,051.1	3.1	706.9	209.2
REVENUE	20,668.2	18,830.0	21,222.4	43.0	21,265.4	597.2	2.9		
NET EXP.	13,597.4	13,591.1	13,551.6	499.7	14,051.3	453.9	3.3	706.9	209.2
Approved Positions	347.5	312.0	347.5	12.0	359.5	12.0	3.5		
TARGET			13,597.4		13,597.4				
\$ Over / (Under) Program Target			(45.8)		453.9				
% Over / (Under) Program Target			-0.3%		3.3%				

- The 2008 Recommended Operating Budget for City Planning is \$14.051 million net. This is comprised of base funding of \$13.552 million and recommended funding for new/enhanced service priorities of \$0.500 million. Approval of the 2008 Recommended Operating Budget will result in the Program's staff complement increasing from 347.5 to 359.5 approved positions.
 - The 2009 Outlook increase of \$0.707 million and 2010 increase of \$0.209 million include estimates for merit/step increases while accounting for the loss of a working day in each of the calendar years.
 - The 2009 Outlook also includes the annualized impact of \$0.500 million arising from the 2008 new/enhanced service priority to add 12.0 new permanent positions.
 - These outlooks do not include provisions for cost-of-living adjustments (COLA), as this is subject to future negotiations.
- The 2008 Recommended Base Budget is \$0.046 million or 0.3% below the 2008 target. The base budget incorporates the Program's key cost drivers including annualizations from the prior year, COLA, merit and step increases and an additional working day in the calendar year

that total \$0.508 million. These increases in expenditures are defrayed by inflationary increases of \$0.554 million to planning application fees.

- To promote the objectives of the Program and address existing challenges, the 2008 Recommended Operating Budget incorporates funding for new and enhanced services. These initiatives will advance strategic priorities which align with Council's current policy agenda. This includes major activities such as;
 - City Planning Division – Service Enhancements - \$0.500 million net with a \$0.500 million annualization in 2009 and an increase of 12.0 approved position for Community Planning, Heritage Preservation Services, Urban Design and Transportation Planning.
 - Heritage Toronto King-Parliament Heritage Interpretation - \$0.043 million gross, \$0 net.
 - The Development Application Review Team (DARP) with the support of City Planning and other affected Program areas is undertaking a Development Application Review Project, which will identify all of the City's direct and indirect costs related to the processing of community planning and development application review.
- The 2008 Recommended Operating Budget provides funding for City Planning to increase service levels for all three of its service areas, Development Review, Decision and Implementation; Civic and Community Improvements; and City Building and Policy Development. These services will be provided as follows:
 - Through Development Review, Decision and Implementation, City Planning will implement Council policies and apply relevant provincial policy regulations and plans, to the review of development applications. This will ensure desirable development and public realm.
 - Civic & Community Improvements will ensure the alignment of street improvement with road reconstruction investments and result in an increased number of visually attractive routes and places within the City. This service will also provide ongoing heritage grants to property owners to encourage and facilitate heritage conservation for all eligible properties within the City.
 - City Building & Policy Development creates sustainable neighbourhoods, improves the built and natural environment, the integration of land use and transportation, improves the quality and accessibility of human services and enhances Toronto's economic health.
 - In 2007, City Planning received 3,927 development applications, held 437 non-statutory community consultations, realized approximately 7,500 linear metres of streetscape enhancements and added 1,600 properties to the Heritage Inventory. As part of a two-year pilot launched in July 2007, 14 applications were also submitted to the Design Review Panel. In 2008, it is anticipated that approximately 25 applications will be submitted to the Design Review Panel. Beyond that exception, it is expected that 2007 experiences will continue into 2008. The 2008 Recommended Operating Budget will provide base funding to maintain these activity levels.

- It is also anticipated that City Planning will increase service levels in Community Planning, Heritage Preservation Services, Urban Design and Transportation Planning as a result of the recommended 12.0 additional permanent positions. City Planning will report back to the Budget Committee on the specific, anticipated service level increases resulting from these positions.

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. the 2008 Recommended Operating Budget for City Planning of \$35.317 million gross and \$14.051 million net, comprised of the following services, be approved:

<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
City Planning	<u>35,316.7</u>	<u>14,051.3</u>
Total Program Budget	<u><u>35,316.7</u></u>	<u><u>14,051.3</u></u>

2. the Deputy City Manager responsible for City Planning report back to the Budget Committee in mid-year 2008 on the results of the Development Application Review Project (DARP) and on an approach to increasing community planning and development application process fees in the future to allow for full cost recovery of all City wide costs related to the processing of community planning and development applications; and,
3. the Deputy City Manager responsible for City Planning report back to the Budget Committee through the Second Quarter Variance Report on the anticipated service level increases resulting from the additional 12.0 recommended permanent positions.

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)	\$	\$	\$	\$	%
GROSS EXP.	29,909.5	34,112.7	32,421.1	(1,691.6)	(5.0)
REVENUES	17,931.9	20,466.6	18,830.0	(1,636.6)	(8.0)
NET EXP.	11,977.6	13,646.1	13,591.1	(55.0)	(0.4)
Approved Positions	304.5	347.5	312.0	(35.5)	(10.2)

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

2007 Experience

City Planning's Third Quarter Variance Report projects year-end actual expenditures of \$13.591 million net. This represents an under expenditure of \$0.055 million or 0.4% of the Program's 2007 Approved Operating Budget of \$13.646 million net.

This is attributed to:

- The 2007 projected year-end actual gross expenditures of \$32.421 million will be under the 2007 Approved Budget of \$34.113 million by \$1.692 million or 5.0%. The under expenditure is primarily in Salaries & Benefits and is the result of unspent funds arising from vacant positions that have either been filled or are in the process of being filled. The Program's ability to respond to development pressures and requests for local area studies had been hampered in 2007 as a result of the staff vacancies experienced.
- The 2007 projected year-end actual revenue of \$18.830 million will be under the 2007 Approved Budget of \$20.467 million by \$1.637 million or 8.0%. While application volumes are tracking close to projections, the mix of application types has been different than in previous years and is now generating less revenue as a result.
- Approximately \$0.204 million in savings from cost containment measures.

2007 Cost Containment Savings

- City Planning expects to achieve cost containment savings of \$0.204 million in 2007 through the measures itemized in the table below.
- None of the 2007 cost containment measures have been recommended to continue into 2008, as continuation would severely impact service levels.

Net Cost Containment Savings	2007 (\$000s) Savings	2008 (\$000s) Continued Savings	Comments
Hiring Freeze Savings:			
Delayed Hiring of a Vacant Position	(31.1)		One-Time
Sub-total	(31.1)	0.0	
Service Level Adjustments:			
Discretionary Savings:			
Deferred/Cancelled Consulting Contracts	(140.0)		One-Time
Deferred/Cancelled Conferences	(5.0)		One-Time
Deferred/Cancelled Business Travel	(8.3)		One-Time
Deferred/Cancelled Supplies	(20.0)		One-Time
Sub-total	(173.3)	0.0	
TOTAL COST CONTAINMENT	(204.4)	0.0	

Impact of 2007 Operating Variance on the 2008 Recommended Budget

- The projected 2007 gross expenditure savings of \$1.692 million that were primarily due to staff vacancies realized are not expected to fully continue in 2008. In accordance with the hiring freeze, the Deputy City Manager has approved the hiring of these vacant positions. They have now either been filled or are currently in the process of being filled.
- The 2008 revenue forecast assumes the same volume and application mix that had been budgeted for in 2007 and have been experienced in years past.
 - City Planning and Financial Planning Division staff will monitor revenue through 2008 to determine if the application mix experienced in 2007 trends into 2008, which could result in revenue adjustments in the 2009 Recommended Operating Budget.

Section B: 2008 Operating Budget Overview**3-Year Operating Budget Overview**

During the next 3 years, City Planning will continue its commitment to guide and manage the growth and physical form of the City, and recommend strategies to enhance the urban environment and quality of civic life for Toronto's residents and business community.

City Planning will pursue its three year plan through the following three distinct services;

- Development Review, Decision & Implementation
- Civic & Community Improvements
- City Building & Policy Development

Through Development Review, Decision & Implementation, City Planning will implement Council policies and apply relevant provincial policy regulations and plans to the review of development applications. This will ensure desirable development and public realm outcomes.

Civic & Community Improvements will ensure the alignment of street improvement with road reconstruction investments and result in an increased number of visually attractive routes and places within the City. This service will also provide ongoing heritage grants to property owners to encourage and facilitate heritage conservation for eligible properties within the City.

Lastly, City Building & Policy Development contributes to City Planning's 3-Year Plan through the creation of sustainable neighbourhoods, improvement to the built and natural environment, the integration of land use and transportation, improvement to the quality and accessibility of human services and the enhancement to Toronto's economic health.

Challenges and Issue

As the following indicates, there are a number of challenges that effect City Planning's ability to meets public expectations and deliver service that aligns to the directions and objectives of the 3-Year Operating Budget:

Development Application Levels and Complexity

- Development applications must be reviewed in a timely fashion otherwise the City is at risk of an appeal to the OMB. Both volume and complexity of development applications in Toronto, where every application is essentially infill and/or intensification, make it difficult for the Division to provide the level of service that Council has established for the processing of applications.

Increasing Demand to Provide More Opportunities for Public Engagement in the Planning Process

- Meaningful civic engagement and consultation results in better and more publicly accepted decisions, with fewer appeals to the OMB, however it is labour intensive. City Planning does not currently have the resources to support the level and quality of consultation that is demanded by the public and Council, and is needed in a mature built urban context.

OMB Application Appeals

- In terms of priorities, OMB appeals must take precedence over applications which are not under appeal. Once the OMB has set a date for hearing, obligations must be met for supporting documentation for that hearing, in accordance with the OMB rules and procedures. This puts additional pressure on the ability to review applications in a timely manner.

Proactive Studies

- Proactive intervention (comprehensive reviews or studies beyond a single site) is considered best practice and provides planning services to the public and the development industry. These studies result in changes to rules and regulations that clarify and keep current Council's intentions for an area of the City. Current major studies and revitalization initiatives on the work program include the Waterfront, Lawrence Heights, Downsview Park and the York University Secondary Plan. The demand for planning studies has increased since the approval of the Official Plan in 2006 and the backlog of study requests is growing. As a result of this increase in demand, staff had to "suspend" undertaking new Avenue Studies in 2007 to allocate their resources to other Program priorities.

Increased Heritage Inventory

- The growing number of properties on the Inventory of Heritage Properties has led to a higher number of applications requiring Heritage Review under the Ontario Heritage Act. Once on the inventory, every building permit application for a heritage property must be reviewed and either approved or refused within a legislated time period. Failure to meet the set time frames will result in an automatic approval with respect to heritage considerations. This creates a high level of risk for the Program if they are unable to keep pace with the growing demand.

Increasing Demand for Transit Implementation and Planning Studies

- The creation of the Greater Toronto Transit Authority (now known as MetroLinx) aims to improve the coordination and integration of all modes of transportation in the region. This has however resulted in significant demands on staff resources to provide information and feedback on MetroLinx initiatives. The delivery date for the first MetroLinx Transportation Plan is set for April 2008 and will require City Planning participation in the development of the Plan and policy analysis and support for the City's Board members.

Strategic Priorities

The 2008 Recommended Operating Budget for City Planning directly advances, through a number of initiatives, the following strategic priorities outlined in Council's policy agenda for climate change, clean air and sustainable energy:

- ***Neighbourhood Actions for a Green Toronto:***

City Planning will update the Toronto Green Development Standard to reflect the creation of a City-delivered, “one window” program for access to energy and other environmental programs.

Once regulations under the City of Toronto Act, 2006 related to zoning with conditions are issued and amendments to the City’s Official Plan are enacted to introduce a definition of “sustainable design” for the purposes of Site Plan Approval, City Planning will ensure implementation of the Toronto Green Development Standard through three new regulatory features.

City Planning in conjunction with the Chief Building Official’s report on a building standard for green roofs, will report on where in the City and to which building types the new green roof building standard should apply, as a means of making some portion of the green roof component of the Green Development Standard mandatory.

City Planning will also assist the Chief Corporate Officer in the development of a voluntary Energy Performance labeling system for low-rise residential buildings, in conjunction with Natural Resources Canada and other partners and coordinated with the Green Development Standards labeling system currently under development.

- ***Planning for a Sustainable Energy Future:***

City Planning will assist the Chief Corporate Officer in reporting on a process for developing an integrated approach for community energy planning based on community energy zones.

- ***Toronto Becoming the Renewable Energy Capital of Canada:***

The Program will prepare a renewable energy bylaw that will permit renewable energy generation as-of-right on all properties, setting appropriate restrictions on height, size and placement of structures.

City Planning will prepare recommendations on how to address issues concerning renewable energy generation. Issues include standards for the placement, orientation, size and form of renewable energy technologies; options to protect access to solar and wind resources from property owners who have installed renewable energy equipment; permissive regulations for district-based energy distribution between multiple properties; and, guidance with respect to potential issues of conflict around tree protection and installation of renewable energy systems.

- ***Sustainable Transportation Initiatives:***

City Planning, in conjunction with the Toronto Transit Commission and Transportation Services will begin to implement the short-term Sustainable Transportation Initiatives adopted by City Council on October 22 & 23, 2007 (PW9.2) in order to achieve, in part, the reduction targets for greenhouse gas emissions contained in the “Climate Change, Clean Air and Sustainable Energy Action Plan”.

Throughout 2008, City Planning will continue to work with the Toronto Transit Commission and Transportation Services to expedite the priority Environmental Assessments (EA’s) for Sheppard, Finch and Eglinton, in order to begin implementing Transit City. The results of those EA’s may result in future Official Plan Amendments.

Section C: 2008 Recommended Base Budget

Table 3: 2008 Recommended Base Budget

	2007 Approved. Budget	2008 Recommended Base	Change 2008 Recommended Base vs. 2007 Approved Budget		FY Incremental Outlook	
					2009	2010
(In \$000s)	\$	\$	\$	%	\$	\$
GROSS EXP.	34,265.6	34,774.0	508.4	1.5	207.2	209.2
REVENUE	20,668.2	21,222.4	554.2	2.7	0.0	0.0
NET EXP.	13,597.4	13,551.6	(45.8)	(0.3)	207.2	209.2
Approved Positions	347.5	347.5	0.0	0.0		
NET TARGET		13,597.4			0.0	0.0
\$ Over / (Under) Program Target		(45.8)			207.2	209.2
% Over / (Under) Program Target		-0.3%			1.5%	1.5%

2008 Recommended Base Budget

- The 2008 Recommended Base Budget of \$13.552 million net represents a \$0.046 million (0.3%) decrease over City Planning's 2007 Approved Budget. The 2008 Recommended Base Budget will serve to maintain service levels offered in 2007.
- The 2008 Recommended Base Budget includes additional expenditures of \$0.508 million which are needed to fund annualizations from the prior year, merit and step increases, cost of living adjustments and an additional working day in the calendar year.
- To alleviate the expenditure impact, the 2008 Recommended Base Budget incorporates projected incremental revenues arising from the inflationary increase to Planning Application Fees as well as the full year impact resulting from the 2007 approved increase in fees. In total, budgeted revenue for 2008 is \$0.554 million greater than in 2007.
- City Planning's 2008 Recommended Base Budget is 0.3% under its corporate affordability target of \$13.597 million and maintains a staff complement of 347.5 approved positions.

2008 Key Cost Drivers and Reduction Strategies

- Cost of living adjustments (COLA) that average 2.44% for 2008 are non-discretionary expenditures that result in additional costs of \$0.755 million.
- Merit and Step increases account for a \$0.443 million net pressure in 2008.

- An additional working day in the 2008 calendar year accounts for an additional \$0.131 million net pressure in 2008.
- While these cost drivers represents an increase of 9.8% over the 2007 Approved Budget, these expenditures will not result in any increased service, as they represent the cost to maintain City Planning's 2007 service level.
- It should be noted that the majority of these increases are the result of inflationary pressures which also apply to City Planning's planning application fees resulting in a \$0.727 million increase in revenue.

2009 and 2010 Outlook: Net Incremental Impact

The net increase of \$0.207 million in 2009 and \$0.209 million in 2010 maintains the 2008 recommended level of service, and provides for merit & step adjustments while accounting for the loss of a working day in the calendar year in both 2009 and 2010. The Outlooks do not include provisions for COLA, as this is subject to future negotiations, nor does it include any effects from the Capital Budget as the 5-Year Capital Plan does not have any impacts on City Planning's 3-Year Operating Budget.

Section D: 2008 Recommended Service Priorities

Table 4: Summary of 2008 New / Enhanced Service Priorities (In \$000s)

Priority	Description	2008 Recommended		Rec. New Positions	Net Incremental Impact	
		Gross Exp.	Net Exp.		2009	2010
		\$	\$		#	\$
(a) Enhanced Service Priorities - Council Approved:						
(b) Enhanced Service Priorities - Program Initiated:						
1	City Planning Division - Service Enhancements	499.7	499.7	12.0	499.7	
Sub-Total Enhanced Services		499.7	499.7	12.0	499.7	0.0
(a) New Service Priorities - Council Approved:						
(b) New Service Priorities - Program Initiated:						
2	Heritage Toronto King-Parliament Heritage Interpretation	43.0	0.0			
Sub-Total New Service Priorities		43.0	0.0	0.0	0.0	0.0
Total Recommended New / Enhanced Service Priorities		542.7	499.7	12.0	499.7	0.0

Recommended Enhanced Service Priorities – Program Initiated:

City Planning Division – Service Enhancements (\$0.500 million gross and net)

City Planning plays a major role in the development and future of Toronto through guiding growth by reviewing and processing development applications from a local and city-wide perspective. Planning in an already largely developed, diverse, modern, dynamic City of 2.6 million people is a challenging task. In order to begin addressing key priority areas, an additional 12 permanent full time positions, at various levels effective July 1, 2007 are recommended as follows;

Community Planning

- 3 additional Planners
- 3 additional Assistant Planners

Heritage Preservation Services

- 2 additional Preservation Officers
- 1 additional Support Assistant

Urban Design

- 2 additional Planners

Transportation Planning

- 1 additional Planner

The additional staff recommended will address challenges facing the Program which include responding to increased demands for planning presence and responsiveness in neighbourhoods, increased pressure to respond to the number of properties now on the Heritage Inventory and major transit initiatives. This will also address the challenge of undertaking major revitalization and growth initiatives and responding to the level and complexity of development applications, especially from an Urban Design perspective

The additional staff resources will improve service levels and directly affect the community. Staff work extensively with the community, stakeholders and other City Programs in formulating policies for development that respect important social, economic and environmental objectives and in evaluating applications within a legislated planning framework. Early and improved collaboration with all stakeholders in policy development, civic improvement and development review will result from the recommended enhanced level of staffing. The Program will be able to begin pro-actively addressing a number of core service demands and respond to Council endorsed priorities.

The 2009 Outlook includes the incremental impact of \$0.500 million arising from the full year costs of these 12.0 new permanent positions.

Recommended New Service Priorities – Program Initiated:***Heritage Toronto King-Parliament Heritage Interpretation (\$0.043 million gross, \$0 net)***

City Council, at its meeting of July 25, 26 and 27 2006 adopted Policy & Finance Committee Report 6, Clause 12 entitled “The King-Parliament Community Improvement Plan” and established a Reserve Fund for plaques and markers from Heritage Toronto for the King-Parliament area.

- There is a need to reinvest and revitalize the King-Parliament area and to promote awareness of the area’s heritage value. The recommended plaques and markers for this area will form one component of the King-Parliament community improvement plan which will address the challenges of this area.
- The funding requirement of \$0.043 million will be offset by contributions from the 226 King Street East Reserve Fund, which had been established to support the King-Parliament Community Improvement Plan. This recommended new initiative results in a \$0 net impact to the City.

Based on offsetting funding as identified, it is recommended that this new service priority be implemented in 2008.

Section E: Issues for Discussion

2008 Operating Budget Issues

2008 Recommended Operating Budget vs. Guideline

City Planning's 2008 Recommended Operating Budget is \$35.317 million gross and \$14.051 million net. Additional staff recommended to address existing service delivery pressures in Community Planning, Heritage Preservation Services, Urban Design and Transportation Planning, results in a 2008 Recommended Operating Budget that is 3.3% over the 2008 target of \$13.597 million.

Service Delivery Issues

City Planning is facing a number of service delivery pressures due to the following:

- The increasing complexity and demand for development applications;
- The resources needed to facilitate front end planning through public engagement in the planning process;
- Ontario Municipal Board (OMB) demands on staff time and resources during application appeals; and,
- Legislative changes to the Ontario Heritage Act (OHA) resulting in more staff time at the OMB for demolition appeals and substantial growth in Heritage inventory.

At the current staffing complement level, the Program is not able to maintain service levels and respond to increased demands for planning presence and responsiveness in neighbourhoods including requests for enhanced community consultation and additional local area studies (Avenues Studies, Secondary Plans, Heritage Conservation District Studies, etc.) In addition, the increased pressure to respond to the number of properties now on the Heritage Inventory with limited staff resources is becoming unsustainable. Lastly, there is significant pressure to respond to major Transit initiatives, including Transit City and the Spadina Subway Expansion.

To address this service delivery issue it is recommended that City Planning increase their staff complement by 12 full time position's to be hired on average in mid-year 2008 and be specifically allocated to service areas to begin responding to the pressures noted above, in particular Community Planning, Heritage Preservation Services, Urban Design and Transportation Planning. The recommended new positions are itemized in the table below.

Service Area	Position	Rec. New Positions	% Increase in Service Area Approved Positions
Community Planning	Planner	3	4.9%
	Assistant Planner	3	
Heritage Preservation Services	Preservation Officer	2	23.1%
	Support Assistant	1	
Urban Design	Planner	2	7.4%
Transportation Planning	Planner	1	3.2%
Total Recommended New Positions:		12	3.5%

Outstanding Issues from 2007 and Prior Years

Full Cost Recovery Model

In 2007 City Planning experienced 94% direct cost recovery for Community Planning and 93% direct cost recovery for Committee of Adjustment, however the applicable cost recovery model does not account for all City wide eligible direct and indirect costs associated with these services. As a result the true cost recovery rate is not known.

In 2008, City Planning is expecting to experience a decrease in their direct cost recovery as a result of the recommended 12.0 new positions without an increase in fees to offset this investment.

In response to City Council's direction, the Development Application Review Team (DARP) with the support of City Planning and other affected Program areas is currently undertaking a detailed review of development application costs. This review will identify all of the City's direct (including the 2008 investments) and indirect costs related to the processing of community planning and development application review.

The Deputy City Manager responsible for City Planning will report back to the Budget Committee in mid-year 2008 on the results of the detailed review of development application costs and an approach to increasing community planning and development application process fees in the future to allow for full cost recovery of all City wide costs related to the processing of community planning and development applications.

Appendix 1

Summary of Recommended Base Budget Changes

From 2007 Approved Budget

(In \$000s)	Summary of 2008 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2009	2010
		\$	\$	\$	\$	\$
2007 Council Approved Operating Budget	347.5	33,989.5	20,466.6	13,522.9	0.0	0.0
In-year approvals and technical adjustments		62.4		62.4		
Corporate adjustments		213.7	201.6	12.1		
2007 Approved Operating Budget	347.5	34,265.6	20,668.2	13,597.4	0.0	0.0
Prior Year Impacts		44.2	171.6	(127.4)		
Non-Recurring Items from Prior Year		(804.2)	(461.6)	(342.6)		
Merit & Step		443.2		443.2	332.5	334.5
Economic factors		755.2		755.2		
Adjusted Base Budget	347.5	34,704.0	20,378.2	14,325.8	332.5	334.5
Other base changes		70.0	239.1	(169.1)	(125.3)	(125.3)
Base revenue changes			605.1	(605.1)		
Recommended Service Level Adjustments:						
Service efficiencies						
Revenue adjustments						
Minor service impact						
Major service impact						
Total Recommended Base Adjustments	0.0	70.0	844.2	(774.2)	(125.3)	(125.3)
2008 Recommended Base Budget	347.5	34,774.0	21,222.4	13,551.6	207.2	209.2
2008 Program Operating Target	N/A	N/A	N/A	13,597.4	0.0	0.0
% Over (Under) Program Target				-0.3%	1.5%	1.5%
% Over (Under) 2007 Appvd. Budget				-0.3%	1.5%	1.5%

Appendix 3

Summary of 2008 Recommended New / Enhanced Service Priorities

Appendix 4

Inflows / Outflows to / from Reserves & Reserve Funds

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Balance as of December 31, 2007	Proposed Withdrawals (-) / Contributions (+)		
			2008	2009	2010
		\$	\$	\$	\$
226 King Street East Reserve Fund	XR3212	78.9	43.0		
Insurance Reserve Fund	XR1010	24,027.8	62.5	62.5	62.5
Total Reserve / Reserve Fund Draws / Contributions		24,106.7	105.5	62.5	62.5