

Analyst Briefing Notes

Budget Committee

(January 28, 2008)

2008 OPERATING BUDGET

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2008 OPERATING BUDGET**Executive Summary**

- The 2007 preliminary year-end net expenditure is expected to be \$0.006 million or 0.02% under the 2007 Approved Operating Budget of \$0.275 million. This favourable variance is largely attributable to hiring delays and postponement of start-up costs for the Lobbyist Registrar's Office.
- The Lobbyist Registrar's 3-Year Operating budget will advance the following strategic priorities:
 - The implementation of the Lobbyist Registry System in 2008, to allow lobbyists to register.
 - Educating and training lobbyists, the public and public office holders on the use and information contained in the registry system.
 - Maintaining ongoing communication with lobbyists, the public and public office holders.
 - Implementing the Complaints and Investigations function.
- Some of the challenges the Lobbyist Registrar's Office will be facing include:
 - The implementation of the registry system.
 - Educating the lobbyists, the public and public office holders on using the registry system.
 - Reviewing the by-law and reporting to City Council.
- The 2008 Recommended Operating Budget for the Lobbyist Registrar is \$0.711 million and is comprised of the Lobbyist Registrar, an administrative assistant, a manager and two new lobbyist registry advisors.

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.	275.2	269.0	429.3	281.9	711.2	436.0	158.4	10.9	13.7
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NET EXP.	275.2	269.0	429.3	281.9	711.2	436.0	158.4	10.9	13.7
Approved Positions	3.0	3.0	3.0	2.0	5.0	2.0	66.7	0.0	0.0
TARGET			275.2		275.2				
\$ Over / (Under) Program Target			154.1		436.0				
% Over / (Under) Program Target			56.0%		158.4%				

- The 2008 Recommended Operating Budget for the Lobbyist Registrar is \$0.711 million net. This is comprised of base funding of \$0.429 million and new/enhanced service priorities of \$0.282 million. Approval of the 2008 Recommended Operating budget will result in the Program's staff complement increasing from 3 to 5 positions.
- The 2008 Recommended Base Budget of \$0.429 million is \$0.154 million or 56% over the 2008 target. The base budget incorporates the Program's key cost drivers including Cost of Living Adjustments (COLA) (\$0.008 million), merit and step increases (\$0.018 million), the annualization of 3 salaries (\$0.127 million) and one extra working day in 2008 (\$0.002 million).
- Two new positions are required for the Lobbyist Registrar's Office. The two new lobbyist registry advisors are required to assist with the implementation and ongoing development of the Registry and respond to questions from lobbyists, the public and public office holders.
- The Lobbyist Registry will become operational in 2008. The Lobbyist Registrar's office will be focusing on educating the lobbyists, the public and public office holders on the process and requirements of registering and providing all the appropriate training on using the registry system to register and search for information. Staff will be required to maintain ongoing communication, education and training that will be required to use the registry.
- The establishment of a Lobbyist Registry is part of the accountability and transparency framework mandated by the City of Toronto Act.

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. the 2008 Recommended Operating Budget for the Office of the Lobbyist Registrar of \$0.711 million gross and \$0.711 million net, comprised of the following service, be approved:

<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
Lobbyist Registrar	<u>711.2</u>	<u>711.2</u>
Total Program Budget	<u>711.2</u>	<u>711.2</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)	\$	\$	\$	\$	%
GROSS EXP.	0.0	275.2	269.0	(6.2)	(2.3)
REVENUES	0.0	0.0	0.0	0.0	0.0
NET EXP.	0.0	275.2	269.0	(6.2)	(2.3)
Approved Positions	0.0	3.0	3.0	0.0	0.0

Source: *Projected Actuals subsequent to September 30, 2007 Variance Report.

2007 Experience

The Lobbyist Registrar's Variance Report, updated subsequent to 3rd Quarter Variance Reporting, indicates actual expenditures of \$0.269 million net. This represents under-spending of \$0.006 million or 0.02% of the Program's 2007 Approved Operating Budget of \$0.275 million. This favourable variance is primarily due to the delay in hiring and other start-up costs which would have enabled the registry to be launched in 2007.

2007 Cost Containment Savings

No cost containment measures were implemented in 2007.

Impact of 2007 Operating Variance on the 2008 Recommended Budget

The 2007 Operating Variance has no impact on the 2008 Recommended Budget.

Section B: 2008 Operating Budget Overview

3-Year Operating Budget Overview

The primary focus for the Lobbyist Registrar's Office will be on establishing a fully operational Lobbyist Registry in 2008. The Lobbyist Registrar is anticipating that the registry system will be implemented by February 2008. The Lobbyist Registrar's office will be focusing on educating the lobbyists, the public and public office holders on the process and requirements of registering and providing all the appropriate training on using the registry system to register and search for information. The Lobbyist Registrar's office will continue to update and inform through continual communication to all stakeholders. Advising and responding to every enquiry is one of the Lobbyist Registrar's highest priorities over the next three years. The Lobbyist Registrar's Office will be reviewing the resources required for the complaints and investigations function and to run the registry. This may include new resource requirements for 2009 and 2010.

Challenges and Issues

The primary challenge for the Lobbyist Registrar's Office will be implementing the registry system and providing the appropriate education, communication and responding to lobbyists, the public and public office holder inquiries.

It is anticipated that the registry will be functional by February 2008 with additional modules to be implemented during 2008 which will enhance the system in doing searches and extracting reports. With the implementation of the registry, education and training will be required to support the public and public office holders by developing an efficient registration process. With five staff in place, providing the appropriate education, training, ongoing communication and responding to all the inquiries will be a tremendous challenge in 2008.

Strategic Priorities

The 2008 Recommended Operating Budget for the Lobbyist Registrar's Office supports the following priorities outlined in Council's policy agenda:

- ***Establishing a mandatory Lobbyist Registry in 2007***

The purpose of the Lobbyist Registrar's Office is to increase the public's confidence in the integrity of the City's decision making processes by making lobbying activities open to the public.

The Lobbyist Registrar will initially be focusing on establishing a fully operational registry. This includes completing the lobbyist registry system, evaluating the system and providing recommendations for enhancements and responding to inquiries from the media and other Ontario municipal jurisdictions.

The launching of the internet and intranet websites is an integral component to the Lobbyist Registrar's plan in providing lobbying requirements and procedures. The websites will also assist internal staff in referring By-laws.

Ongoing communication and education is a high priority for the Lobbyist Registrar's Office. Staff will continue to answer questions, provide feedback and assist the lobbyists with completing the lobbyist registration requirements and assisting the public and public office holders in obtaining information from the system. The internet and intranet websites have been launched and will require ongoing support and updates.

Section C: 2008 Recommended Base Budget

Table 3: 2008 Recommended Base Budget

(In \$000s)	2007 Approved. Budget	2008 Recommended Base	Change 2008 Recommended Base vs. 2007 Approved Budget		FY Incremental Outlook	
					2009	2010
	\$	\$	\$	%	\$	\$
GROSS EXP.	275.2	429.3	154.1	56.0	10.9	13.7
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0
NET EXP.	275.2	429.3	154.1	56.0	10.9	13.7
Approved Positions	3.0	3.0	0.0	0.0	0.0	0.0
NET TARGET		275.2			0.0	0.0
\$ Over / (Under) Program Target		154.1			10.9	13.7
% Over / (Under) Program Target		0.0%			0.0%	0.0%

2008 Recommended Base Budget

- The 2008 Recommended Base Budget of \$0.429 million net represents a \$0.154 million or 56% increase over the 2008 budget target.
- The 2008 Recommended Base Budget for the Lobbyist Registrar is required to fund merit and step increases (\$0.018 million), one extra day in 2008 (\$0.002 million), a Cost-of Living-Adjustment (COLA) (\$0.008 million) and salary annualizations (\$0.127 million) for the 3 current positions.
- The three positions include the Lobbyist Registrar, an administrative assistant and a manager. The manager position was seconded from and partially funded by the City Manager's Office in 2007. This position will be fully funded by the Lobbyist Registrar's Office in 2008.

2008 Key Cost Drivers and Reduction Strategies

The additional \$0.154 million in expenditures recommended for the Program's Base Budget is needed to fund annualized salaries, merit and step increases, COLA and one extra working day.

2009 and 2010 Outlook: Net Incremental Impact

The 2009 Outlook includes a preliminary merit/step estimate of \$0.013 million and a reduction of \$0.002 million for one extra day in 2008. The 2010 Outlook includes a merit/step estimate of \$0.014 million.

The Lobbyist Registrar will be reviewing resource requirements for running the Lobbyist Registry including the complaints and investigations function. If required, new resource requests will be submitted as part of the 2009 operating budget submission.

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	
		Gross Exp.	Net Exp.		2009	2010
		\$	\$		\$	\$
(a) Enhanced Service Priorities - Council Approved:						
(b) Enhanced Service Priorities - Program Initiated:						
Sub-Total Enhanced Services		0.0	0.0	0.0	0.0	0.0
(a) New Service Priorities - Council Approved:						
(b) New Service Priorities - Program Initiated: Lobbyist Registry Launch Requirements		281.9	281.9	2.0		
Sub-Total New Service Priorities		281.9	281.9	2.0	0.0	0.0
Total Recommended New / Enhanced Service Priorities		281.9	281.9	2.0	0.0	0.0

Recommended New Service Priorities – Program Initiated:

Lobbyist Registry Launch Requirements

Staffing Requirements (\$0.241 million gross, \$0.241 million net)

Two new permanent lobbyist registry advisors are required to respond to questions from lobbyists, the public and public office holders regarding the registry. They will be assisting the lobbyist in completing registration forms and assisting the public in searching for information. In addition, a minimal amount of \$0.018 million is recommended to retain short term temporary staffing to meet workload fluctuations. These 2 new positions started in January 2008. At its meeting of December 11, 12 and 13, 2007, Council approved the “2008 Interim Operating Budget Estimates” report authorizing sufficient funding for the two positions.

Printing Requirements (\$0.041 million gross, \$0.041 million net)

The amount of \$0.041 million is recommended to fund initial start up printing costs for educational materials, public media notices when the by-law comes into force, information packages for Councillor offices and public counters and materials to respond to information requests from the media, lobbyists, the public and public office holders.

Section E: Issues for Discussion**2008 Operating Budget Issues*****2008 Lobbyist Registrar Office Implementation***

During the 2007 Operating Budget process, \$0.241 million was approved for the Office of the Lobbyist Registrar, with the direction that the Lobbyist Registrar report back to Budget Committee identifying 2007 budget requirements for the Office. At its meeting of July 16, 17, 18 and 19, City Council considered the report from the Lobbyist Registrar entitled 'Office of the Lobbyist Registrar 2007 Operating Budget'. City Council amended the Lobbyist Registrar's budget to be the same as that for the Office of a City Councillor of \$0.367 million. This was pro-rated for nine months, resulting in a 2007 Operating Budget of \$0.275 million for the Lobbyist Registrar.

At its meeting of December 11, 12 and 13, 2007, Council approved the 2008 Interim Operating Budget Estimates Report which provided interim funding of \$0.285 for the Lobbyist Registrars Office, which represents 40% of \$0.711 million. This will enable the Lobbyist Registrar to carry out their ongoing base operations for the first four months of 2008.

The establishment of a lobbyist registrar function and a lobbyist registration system are mandatory requirements of the City of Toronto Act, 2006.

The 2008 Recommended Operating budget of \$0.711 million is comprised of fulfilling the following functions:

- Implementing the Lobbyist Registry
- Communication and Education
- Advising and Responding
- Complaints and Investigation

The 2008 Recommended Operating Budget for the Lobbyist Registrar's Office includes 5 staff positions: the Lobbyist Registrar, an administrative assistant, a Lobbyist Registry Manager and two Lobbyist Registry Advisors. The Lobbyist Registrar will be working on communication development, handling complaints and investigating any breaches of the Registry By-Law. The administrative assistant will be responsible for processing and administrating all information requests coming into the office. The Lobbyist Registry Manager will be focusing on the implementation of the registry to allow lobbyists, the public and public office holders the ability to register and view information in the registry. The two new Lobbyist Registry Advisors will be assisting with the registry, the training, the education development and answering questions. The staff of the Lobbyist Registrar's Office will be responsible for maintaining ongoing communications with the public, public office holders, legal firms, small businesses, grant recipients and professional trade, business and non-profit labour associations. The five staff will be facing a tremendous challenge in establishing a fully operational Lobbyist Registry.

Future Year Issues***Additional Resource Requirements***

The Lobbyist Registry has been established and 2008 will be the first year it comes into effect. The Lobbyist Registrar will be reviewing the resource requirements for implementing the registry, including the complaints and investigation function. If required, additional resource requests will be submitted as part of the 2009 operating budget.

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	2.0	241.0	0.0	241.0	0.0	0.0
Budget Adjustment	1.0	34.2	0.0	34.2		
2007 Approved Operating Budget	3.0	275.2	0.0	275.2	0.0	0.0
Prior year impacts	0.0	0.0	0.0	0.0		
Zero base items						
Economic factors	0.0	154.1	0.0	154.1	10.9	13.7
Adjusted Base Budget	3.0	429.3	0.0	429.3	10.9	13.7
Other base changes						
Base revenue changes						
Recommended Service Level Adjustments:						
Service efficiencies						
Revenue adjustments						
Minor service impact						
Major service impact						
Total Recommended Base Adjustments	0.0	0.0	0.0	0.0	0.0	0.0
2008 Recommended Base Budget	3.0	429.3	0.0	429.3	10.9	13.7
2008 Program Operating Target	3.0	275.2	0.0	275.2	0.0	0.0
% Over (Under) Program Target				0.0%	0.0%	0.0%
% Over (Under) 2007 Appvd. Budget				0.0%	0.0%	0.0%

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 2007 \$	Proposed Withdrawals (-) / Contributions (+)		
			2008	2009	2010
			\$	\$	\$
Insurance Reserve Fund	X1010	28,136.6	1.4	0.0	0.0
Total Reserve / Reserve Fund Draws / Contributions		28,136.6	1.4	0.0	0.0