

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 preliminary year-end net expenditure of \$4.476 million is \$0.167 million or 3.6% below the 2007 Approved Budget of \$4.644 million. This favourable variance is largely attributable to savings realized from under-spent salaries and benefits as well as discretionary expenditures such as office supplies, equipment, phones and external training as a result of cost containment measures.
- Public Information & Creative Services' strategic direction will be focused on enhancing the understanding of Council's priorities, developing and implementing an integrated governance structure for the City's corporate website and the continual development of the City's online service portal in coordination with the 3-1-1 customer service strategy. Public Information & Creative Services is focused on ensuring that the City's programs and services are clearly and easily understood and accessible.
 - Supporting the 3-1-1 knowledge base, meeting the rising demand for website design work, increasing accessibility to the City's website for all users and maintaining the City of Toronto's website are some of Public Information & Creative Services' challenges in 2008.
- The 2008 Recommended Operating Budget of \$4.694 million is \$0.050 million over the 2007 Approved Operating Budget which is 1.1% over target for 2008.

Table 1: 2008 Recommended Budget

	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
	\$	\$	\$	\$	\$	\$	%	\$	\$
(In \$000s)									
GROSS EXP.	4,786.6	4,735.9	4,771.7	0.0	4,771.7	(14.9)	(0.3)	62.7	82.7
REVENUE	143.1	259.7	78.1	0.0	78.1	(65.0)	(45.4)	0.0	0.0
NET EXP.	4,643.5	4,476.2	4,693.6	0.0	4,693.6	50.1	1.1	62.7	82.7
Approved Positions	61.0	61.0	61.0	0.0	61.0	0.0	0.0	0.0	0.0
TARGET			4,643.5		4,643.5				
\$ Over / (Under) Program Target			50.1		50.1				
% Over / (Under) Program Target			1.1%		1.1%				

- The 2008 Recommended Operating Budget for Public Information & Creative Services is \$4.694 million net. This is comprised of base funding of \$4.694 million and no recommended new/enhanced service priorities.
 - The 2009 Outlook increase of \$0.063 million includes initial estimates for merit and step increases and the reversal of funding for one extra day in 2008.
 - The 2010 Outlook increase of \$0.083 million includes merit and step increases.
- The 2008 Recommended Base Budget of \$4.694 million or 1.1% over the 2008 target funds key cost drivers including a cost-of-living adjustment (\$0.110 million net) and merit and step increases (\$0.132 million net) for a total cost increase of \$0.242 million. These increases have been partially offset by savings in the amount of \$0.216 million for minor service level adjustments.
- The 2008 Recommended Operating Budget maintains the same level of service as in 2007. This includes maintaining the translation and interpretation services for the public, providing civic presentations and tours, managing the City's websites and providing public access to City services through Access Toronto.

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. the 2008 Recommended Operating Budget for Public Information & Creative Services of \$4.772 million gross and \$4.694 million net, comprised of the following services, be approved:

<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
Public Information	2,601.8	2,583.7
Creative Services	2,169.9	2,109.9
	<hr/>	<hr/>
Total Program Budget	4,771.7	4,693.6
	<hr/>	<hr/>

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.	4,371.2	4,786.6	4,735.9	(50.7)	(1.1)
REVENUES	84.3	143.1	259.7	116.6	81.5
NET EXP.	4,286.9	4,643.5	4,476.2	(167.3)	(3.6)
Approved Positions	60.0	61.0	61.0	0.0	0.0

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

2007 Experience

Public Information & Creative Services' 3rd Quarter Variance Report projects year-end actual expenditures to be \$4.476 million net. This represents a favourable variance of \$0.167 million or 3.6% below the Program's 2007 Approved Operating Budget of \$4.644 million net.

The under expenditures of \$0.167 million net are primarily due to the cost containment savings that have been identified by Public Information & Creative Services totalling \$0.160 million. These cost containment savings are comprised of \$0.115 million for salaries and \$0.045 million in discretionary savings for seminars, advertising and the production of print materials.

2007 Cost Containment Savings

- As discussed above, Public Information & Creative Services expects to achieve cost containment savings of \$0.160 million in 2007 through the measures itemized in the table below.

Net Cost Containment Savings	2007 (\$000s) Savings	2008 (\$000s) Continued Savings	Comments
Hiring Freeze Savings:			
Delay in filling Designer vacancy	44.2	71.2	
Reduction in backfilling vacancies	70.4	33.0	
Sub-total	114.6	104.2	
Service Level Adjustments:			
Sub-total	0.0	0.0	
Discretionary Savings:			
Reduction in Seminars	13.7		
Reduction in advertising & production of print materials	26.6		
Miscellaneous	5.0		
Reduction in Office Materials		23.0	
Reduction in Computer Maintenance		15.0	
Reduction in Printing		28.0	
Reduction in Telephone		30.0	
Reduction in Training		16.0	
Sub-total	45.3	112.0	
TOTAL COST CONTAINMENT	159.9	216.2	

Impact of 2007 Operating Variance on the 2008 Recommended Budget

- Most 2007 cost containment measures are recommended to continue into 2008 and have been reflected in Public Information & Creative Service's 2008 Recommended Operating Budget.

Section B: 2008 Operating Budget Overview

3-Year Operating Budget Overview

- In keeping with its Service Objectives, Public Information & Creative Services will be focusing its 2008, 2009 and 2010 activities on:
 - promoting awareness and understanding of Council's accomplishments
 - communicating Council's priorities and ensuring members of the public and the Toronto Public Service have access to the information they require
 - continually developing the City's online service portal and providing Web content management in coordination with the 3-1-1 customer service strategy to facilitate growth and increase accessibility of City websites
 - providing guidance and support in the development of policies and procedures for the 3-1-1 knowledge base, thesaurus and training module
 - maintaining student awareness and the understanding of municipal government by delivering tours and presentations
 - developing and maintaining several critical databases including the online telephone directories and providing interpretation and translation services
 - expanding the Corporate Identity Program (CIP) by increasing compliance with CIP standards and ensuring that all Web Related Communication initiatives are delivered accurately and consistently and in a timely manner
 - ensuring multilingual access to City Services and improving the City's website to make it easier to navigate
- The 2008 Recommended Operating Budget for Public Information & Creative Services' is \$4.694 million. This is \$0.050 million (1.1%) over the net target of \$4.644 million. The recommended Budget incorporates certain base expenditures and attempts to minimize their effects by recommending feasible reduction options see pp. 10 – 11).
- Public Information & Creative Services has no new/enhanced services and maintains its staffing complement at 61 approved positions.

Challenges and Issues

The Public Information and Creative Service's mission is:

To provide excellent information, services and strategies to ensure the public, members of the Toronto Public Service and national and international communities have a clear understanding of the City of Toronto's programs and services, how they may be accessed and how to participate in municipal government.

The Public Information section ensures that the public, the media and the neighboring communities have an understanding of the City's programs and services. This is done through Access Toronto which is the City's primary information service and facilitates public access to all municipal services, provides tours and presentations, and produces and maintains the City's internal directories.

The Public Information section also provides interpretation and translation services. Some of the emerging challenges facing the Public Information section in 2008 include supporting Council's initiatives and communicating them to be understood by the public, maintaining their current services to the public while transitioning to 3-1-1 protocol and supporting the 3-1-1 knowledge base. Other challenges include providing ongoing customer service training, which is essential to the operations of a call centre.

Creative Services is responsible for corporate design services, the ongoing success of the Toronto Corporate Identity Program and managing the information on the City's corporate websites. Their service challenges include obtaining enough resources to meet the rising demand for website design work and discouraging the programs from using external design resources. Creative Services requires more technical skills training and staff development to operate complex and new software programs. There are not enough resources to meet increasing demands and sustain a cost effective alternative to printing and advertising.

Strategic Priorities

The 2008 Recommended Operating Budget for Public Information and Creative Services supports the following strategic priorities:

- ***Establish a 3-1-1 hotline to provide every resident with simple and direct access to staff at City Hall.***

Public Information & Creative Services will be continually developing the City's online service portal, in coordination with the 3-1-1 customer service strategy, to provide easier access to the City. PICS will help ensure that the 3-1-1 transition is as seamless as possible and that the public is not adversely affected by the service changes.

- ***Ensure multilingual access to City Services through the 3-1-1 project.***

The City of Toronto provides residents with oral interpretations in 52 languages and written translations in 37 languages. These services are provided by the Multilingual Services Unit which serves all City Programs and many agencies. These services will be accessible through the 3-1-1 project. Once the 3-1-1 project is implemented, it will improve the multilingual accessibility and increase the City's effectiveness in responding to public inquiries.

- ***Improving the City's website to make it easier to navigate and take advantage of new technology.***

Public Information & Creative Services will continue to provide management and design services to support the City's websites. The public will be able to obtain information and access City services

more easily and will become more engaged with the City, resulting in a greater level of public confidence in local government.

Public information & Creative Services' staff are working on improving other strategies which include:

- A mentoring program to enhance in-house skills retraining and upgrading, and coordinating cross division collaboration of major initiatives.
- Working more closely with clients to determine online needs and providing more cost effective and efficient solutions.

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.	4,786.6	4,771.7	(14.9)	(0.3)	62.7	82.7
REVENUE	143.1	78.1	(65.0)	(45.4)	0.0	0.0
NET EXP.	4,643.5	4,693.6	50.1	1.1	62.7	82.7
Approved Positions	61.0	61.0	0.0	0.0		
NET TARGET		4,643.5			0.0	0.0
\$ Over / (Under) Program Target		50.1			62.7	82.7
% Over / (Under) Program Target		1.1%			1.35%	1.78%

2008 Recommended Base Budget

- The 2008 Recommended Base Budget of \$4.694 million net represents a \$0.050 million or 1.1% increase compared to the Public Information & Creative Services 2007 Approved Base Budget.
- Additional funding requirements in the amount of \$0.221 million are required to fund merit and step increases (\$0.132 million) and Cost-of Living-Adjustments (COLA) (\$0.110 million). Most of these expenditure increases have been offset by recommended reduction options totaling \$0.216 million.
- The 2008 Recommended Operating budget maintains the 2007 service levels.

2008 Key Cost Drivers and Reduction Strategies

- The 2008 Recommended Base Budget of \$4.694 million is required to fund Cost-of-living adjustments (COLA) and merit and step increases, non-union job evaluations and wage increases, and non-salary economic factors.
- The 2008 Recommended Operating Budget includes the following incremental revenues:
 - Provincial Grant funding of \$0.060 million.
- The base pressures are almost entirely offset by reductions of \$0.216 million net. This includes savings in salaries in the amount of \$0.104 million and discretionary items including office

materials, printing, training and telephone costs totaling \$0.112 million as a result of continuing cost containment measures in 2008.

2009 and 2010 Outlook: Net Incremental Impact

The 2009 Outlook includes a preliminary Merit/Step estimate of \$0.081 million and a reduction of \$0.18 million for one extra day in 2008. The 2010 Outlook includes a Merit/Step estimate of \$0.083 million.

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	60.0	4,765.3	143.1	4,622.2	0.0	0.0
Reallocation of Insurance from Non-Program Technical Adjustments	1.0	21.3	0.0	21.3		
2007 Approved Operating Budget	61.0	4,786.6	143.1	4,643.5	0.0	0.0
Prior year impacts		(65.0)	(65.0)	0.0		
Zero base items						
Economic factors		220.8	0.0	220.8		
Adjusted Base Budget	61.0	4,942.4	78.1	4,864.3	0.0	0.0
Other base changes		45.5	0.0	45.5	62.7	82.7
Base revenue changes						
Recommended Service Level Adjustments:						
Service efficiencies						
Revenue adjustments						
Minor service impact		(216.2)		(216.2)		
Major service impact						
Total Recommended Base Adjustments	0.0	(170.7)	0.0	(170.7)	62.7	82.7
2008 Recommended Base Budget	61.0	4,771.7	78.1	4,693.6	62.7	82.7
2008 Program Operating Target	61.0	4,786.6	143.1	4,643.5	0.0	0.0
% Over (Under) Program Target				1.1%	1.4%	1.78%
% Over (Under) 2007 Appvd. Budget				1.1%	1.4%	1.78%

Appendix 2

Summary of Service Level Adjustments

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	XR1010	28,136.6	86.3	0.0	0.0
Total Reserve / Reserve Fund Draws / Contributions		28,136.6	86.3	0.0	0.0