

Analyst Briefing Notes

Budget Committee

(January 28, 2008)

2008 OPERATING BUDGET

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2008 OPERATING BUDGET**Executive Summary**

- Toronto Public Health (TPH) is projecting a favourable year-end variance of \$5.384 million (gross) and \$1.616 million (net) entirely due to savings resulting from one-time cost containment measures implemented in 2007.
 - The cost containment measures implemented one-time in 2007 include a freeze on hiring 47 positions (\$4.8 million gross and \$1.2 million net) and discretionary savings (\$0.6 million gross and \$0.4 million net) primarily in advertising, furniture, and staff development (training, conferences, seminars). The impact of continuing these measures into 2008, especially holding 47 positions vacant in mandatory public health programs that are cost-shared by the Province would significantly reduce service levels and therefore were not recommended to continue.
- The 3-Year Operating Budget supports TPH's key strategic direction of promoting the health of all communities and individuals, who live, work and visit Toronto, according to the directions and health priorities established by the Board of Health and the Province of Ontario. Core public health programs and services provided by TPH are targeted at disease prevention, health promotion and health inspection.
 - TPH will be facing a challenge in 2008 due to the new Ontario Public Health Standards that are expected to be completed in the Spring of 2008. Although TPH does not expect major changes to the services that they deliver, current strategies, program services and project priorities will still need to be re-evaluated in relation to the new Ontario Public Health Standards, with particular attention to meeting the needs of Toronto's diverse population and reducing health inequalities.
 - The recent announcement by the Province to create a \$45.0 million dental care program for Ontario's working poor is expected to significantly impact the delivery of TPH's Dental Program for Youth, Low-Income Adults and Seniors (currently funded 100% by the City). No details are available from the Province. The Medical Officer of Health (MOH) will report to the Board of Health and Budget Committee once details/financial implications are confirmed by the Province.
- The 2008 Recommended Operating Budget for Public Health of \$50.390 million net is comprised entirely of base funding and meets the 2008 target of a 0% increase. The recommended budget includes efficiencies and service level reductions of \$0.761 million mainly in 100% City funded programs including a decrease of 16 positions, to achieve the 2008 target.

Table 1: 2008 Recommended Budget

(In \$000s)	2007		2008 Recommended Operating Budget			Change - 2008 Recommended from 2007 Approved Budget		FY Incremental Outlook	
	2007 Appvd. Budget	2007 Projected Actual	2008 Base	2008 New /Enhanced	2008 Operating Budget			2009	2010
	\$	\$	\$	\$	\$			\$	\$
GROSS EXP.	214,719.4	209,335.2	218,102.4	0.0	218,102.4	3,383.0	1.6	1,503.5	2,781.8
REVENUE	164,329.8	160,561.6	167,712.8	0.0	167,712.8	3,383.0	2.1	1,280.2	2,053.6
NET EXP.	50,389.6	48,773.6	50,389.6	0.0	50,389.6	(0.0)	(0.0)	223.3	728.2
Approved Positions	2,022.5	2,022.5	1,946.0	0.0	1,946.0	(76.5)	(3.8)	2.0	2.0
TARGET			50,389.6		50,389.6				
\$ Over / (Under) Program Target			0.0		0.0				
% Over / (Under) Program Target			0.0%		0.0%				

- The 2008 Recommended Operating Budget of \$218.102 million gross and \$50.390 million net represents an increase of \$3.383 million gross and \$0 net over the 2007 Approved Operating Budget.
- The gross increase of \$3.383 million is mainly attributed to base budget pressures such as Cost of Living Adjustments (COLA), merit, step, job evaluation impact of non-union positions, and an additional working day in 2008 of \$6.404 million; annualized impact of new and enhanced services implemented in 2007 of \$1.951 million; and offset by the reversal of one-time 2007 funding for public health programs of \$3.998 million and efficiencies and service level reductions of \$0.993 million.
- TPH achieved the target in 2008 primarily by re-directing Provincial funding to eligible public health services that were previously 100% funded by the City (\$1.287 million) and implementing efficiencies and service level reductions totalling \$0.761 million net.
 - The 2009 and 2010 Outlooks of \$0.223 million net and \$0.728 million net respectively maintains the 2008 recommended levels of service and is mainly attributed to merit and step increases and operating impacts of the 2008 Approved Capital Budget for four projects: Personal Health Information Protection (PHIPA) Compliance System and Healthy Family / Health Living (HF/HL) Management Mandatory Reporting System in 2009 of \$0.089 million net and the Public Health Surveillance and Management System and Dental Strategy and Implementation System in 2010 of \$0.057 million net.
- A net reduction of 76.5 staff positions included in the 2008 Recommended Operating Budget is due to the following: a decrease of 13.5 positions no longer required for completed capital projects; 44 positions for one-time 100% externally funded health services programs approved in 2007, 16 positions resulting from efficiencies and service level reductions, and 3 positions due to the re-organization of the Heat Alert Outreach Program.

- The 2008 Recommended Operating Budget includes repayment of debt costs for 4 capital projects of \$1.549 million, generated from operating efficiencies and revenues from licensing fees as a result of the implementation of these capital projects. TPH has successfully made the required contribution for each project and payments are on target as recommended by City Council.
- The program review of the Toronto Animal Services (TAS) is currently at the findings/recommendations stage and is anticipated to be completed in 2008. The main objective of the program review is to assess the appropriate organizational placement of the TAS within the City's administrative structure and to review the non-legislated aspects of TAS.
- Toronto Public Health will continue to provide and improve the health of the City's diverse population through public health services and programs in response to local needs. The 2008 Recommended Operating Budget will fund the following public health services:
 - Under the Communicable Disease Control Services, provide Hepatitis B and Meningitis C vaccine to approximately 28,000 grade 7 students and influenza vaccine to 40,000 clients; distribute safe drug use supplies (525,000 needles) to drug users in Toronto; and, provide 178.5 hours of sexual health services (STI testing and free treatment, supply low cost birth control and pregnancy testing) in Sexual Health Clinics across the city.
 - Under the Healthy Families Services, reach over 4,000 individuals with appropriate Peer Nutrition educational assessment and counseling workshops in priority neighbourhoods; provide hearing loss screening to a targeted 42,000 newborn infants with a projected 95% reach; provide an appropriate range of Preschool Speech and Language services to 8,000 children with an identified speech and language disorder; and, provide targeted services to 4,000 nutritionally at risk pregnant women.
 - Under the Healthy Environment Services, ensure compliance with mandated inspection frequencies by conducting approximately 32,000 high, medium and low risk inspections; increase the number of trained and certified food handlers in high risk premises by 12,000; and, reduce the number of mosquito breeding sites by treating 200,000 storm sewers and other sites.
 - Under the Healthy Living Services, respond to 7,500 calls for Healthy Living services and 976 referrals for service to schools through PHN liaison services; support 212 school health committees (Toronto Schools on the Move, Health Action Teams and others); and, provide health promotion service to 147 workplaces.
 - Under the Dental and Oral health Services, provide 22,000 preventive services in public health clinics to children and seniors, provide basic dental treatment to 325,100 clients in targeted groups, screen 636 schools and 218,000 children in public schools; and, provide oral health education to 24,000 people.

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. the 2008 Recommended Operating Budget for Toronto Public Health of \$218.102 million gross and \$50.390 million net, comprised of the following services, be approved:

<u>Service:</u>	Gross (\$000s)	Net (\$000s)
Office of the MOH	671.9	167.9
Public Health Planning & Policy	12,009.8	2,978.3
Healthy Families	56,710.6	6,691.1
Communicable Disease	40,409.3	8,302.9
Healthy Environments	32,413.7	12,737.4
Healthy Living	33,234.9	8,222.6
Dental / Oral Health	20,793.1	8,218.7
Finance & Administration	21,859.1	3,070.7
	<hr/>	<hr/>
Total Program Budget	<u>218,102.4</u>	<u>50,389.6</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
GROSS EXP.	197,992.5	214,719.4	209,335.2	(5,384.2)	(2.5)
REVENUES	138,845.2	164,329.8	160,561.6	(3,768.2)	(2.3)
NET EXP.	59,147.3	50,389.6	48,773.6	(1,616.0)	(3.2)
Approved Positions	1,827.0	2,022.5	2,022.5	0.0	0.0

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

2007 Experience

As per the 3rd Quarter Variance Report, the 2007 year-end is expected to be \$48.774 million net. This represents a favorable variance of \$1.616 million, or 3.2% under the 2007 Approved Budget due to savings realized from cost containment measures implemented in 2007, as detailed below:

Net Cost Containment Savings	2007 (\$000s) Savings	2008 (\$000s) Continued Savings	Comments
Hiring Freeze Savings:			
Hiring freeze in various programs (47.2 positions)	(1,210.2)		One-time
Service Level Adjustments:			
Reduced access to emergency dental care for street youth and low/no income adults	(52.4)		One-time
Sub-total	(52.4)		
Discretionary Savings:			
Reduced consulting contracts, business travel, conferences and	(106.3)		One-time
Reduced equipment, furniture and supplies	(130.4)		One-time
Reduced Advertising and Production of Print Materials	(87.3)		One-time
Various line items	(29.5)		One-time
Sub-total	(353.4)		
TOTAL COST CONTAINMENT	(1,616.0)		

Impact of 2007 Operating Variance on the 2008 Recommended Budget

Cost containment measures implemented in 2007 are not recommended to continue into 2008 since most are not sustainable, particularly maintaining 47.2 vacancies.

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

The 3-Year Operating Budget is directed towards fulfilling Toronto Public Health's vision to make Toronto the healthiest city possible, where all people enjoy the highest achievable level of health, by promoting the health of all communities and individuals, who live, work and visit Toronto, according to the strategic directions and health priorities established by the Board of Health and the Mandatory Health Programs and Service Guidelines (MHPSG) issued by the Ministry of Health and Long Term Care.

The 3-Year Operating Budget supports TPH's public health programs and services including:

- Communicable Disease Control programs which consist of activities that reduce the occurrence and transmission of infectious diseases and promote health behaviours and environments to reduce the burden of infectious diseases.
- Healthy Families provides services that promote and support healthy behaviours and environments, healthy birth outcomes, and readiness to parent for people in their reproductive years, promote the physical, cognitive, communicative, and psychosocial development of children and support effective parenting.
- Healthy Environment Services ensure the safety of food and beverages in restaurants and processing plants, investigates diseases transmitted from animals to people and community concerns relating to environmental health.
- Healthy Living provides services, in partnership with schools, workplaces, neighbourhoods and community organizations, which support the adoption of behaviours that reduce the risk of chronic disease, and assist communities in addressing a variety of issues such as mental health, substance abuse and injuries, etc.
- Dental and Oral Health Services include activities that provide treatment, screening and preventive services to children, adolescents, seniors and pre-natal TPH clients as well as community education with a focus on preventing early childhood tooth decay.

Toronto Public Health's 3-Year Operating Budget is based on the provincial funding formula remaining stable at 75% for 2008 and beyond and providing the same level of services as in 2007. Projected annual increases have been limited to merit and operating impacts of the 2008 Approved Capital Budget for 2009 and 2010. The expected 5% growth in Provincial base funding for mandatory public health services has not been factored in for 2009 and 2010.

Challenges and Issues

TPH will be facing a challenge in 2008 due to the new Ontario Public Health Standards that are expected to be completed in the Spring of 2008. Although TPH does not expect major changes to the services that they deliver, current strategies, program services and project priorities will still need to be re-evaluated in relation to the new Ontario Public Health Standards.

Toronto Public Health continues to face issues to reduce health disparities and to maintain an effective and efficient public health infrastructure:

- **Communicable Disease Control Services:** Several communicable diseases continue to disproportionately affect the vulnerable population of the City. TPH plans to further reduce incidence of vaccine preventable disease and control of infectious disease and infection control through the following:
 - provide Hepatitis B and Meningitis C vaccine to approximately 28,000 grade 7 students and influenza vaccine to 40,000 clients through the Vaccine Preventable Diseases (VPD) program;
 - provide comprehensive assessment, counseling, referral and partner notification for approximately 9,500 cases of sexually transmitted infections annually through the Sexually Transmitted Infection (STI) Case Management program;
 - distribute safe drug use supplies (525,000 needles) to drug users in Toronto through the Needle Exchange program; and,
 - provide 178.5 hours of sexual health services (STI testing and free treatment, supply low cost birth control and pregnancy testing) in Sexual Health Clinics across the city, and visit approximately 59,000 clients.
- **Healthy Families (HF) Services** promotes early childhood growth and development and parenting capacity for families with children 0-6, provide teen prenatal and postnatal counseling (including nutrition and breastfeeding support), and offer parenting programs and referrals to community resources. With current resources, TPH has limited capacity to expand parenting education in priority neighbourhoods and increase screen tests for children with hearing, speech or language problems. The limited resources also make it difficult to integrate planning and service delivery with other City initiatives such as Best Start Network and Best Generation Yet Initiatives. HF Services plans to provide the following services in 2008:
 - reach over 4,000 individuals with appropriate Peer Nutrition educational assessment and counseling workshops in priority neighbourhoods;
 - provide hearing loss screening, under the Infant Hearing Program, to a targeted 42,000 newborn infants with a projected 95% reach;
 - provide an appropriate range of Preschool Speech and Language services to 8,000 children with an identified speech and language disorder; and,
 - provide targeted services to 4,000 nutritionally at risk pregnant women.

- Healthy Environment Services ensures the safety of food and beverages in restaurants and processing plants, investigate diseases transmitted from animals to people, including rabies and West Nile virus, and animal control. Challenges facing TPH in this area are: enforcing the requirements of the “Interim Guidance Document for the Environmental Grow Ops and Illegal Drug Laboratories”; implementing the heat response protocol in the summer months; responding to food recalls while trying to maintain mandated inspection frequencies; and, controlling the spread of West Nile virus. In 2008, TPH plans to accomplish the following:
 - ensure compliance with mandated inspection frequencies by conducting approximately 32,000 high, medium and low risk inspections;
 - increase the number of trained and certified food handlers in high risk premises by 12,000; and,
 - reduce the number of mosquito breeding sites by treating 200,000 storm sewers and other sites.
- Health Living Services include developing programs, services and policies designed to promote health lifestyle choices including healthy eating, physical activity and smoking cessation, preventing injuries, reducing substance abuse and promoting health living for youth. Key major issues identified are: the need to work comprehensively in more schools by increasing the ratio of Public Health Nurse School Liaison (current ratio of 1:40), more collaborative work with youths under the umbrella of the Toronto Drug Strategy, and expand support to workplaces as a venue for health promotion. Major activities planned for 2008 are:
 - respond to 7,500 calls for Healthy Living services and 976 referrals for service to schools through PHN liaison services;
 - support 212 school health committees (Toronto Schools on the Move, Health Action Teams and others) and provide health promotion service to 147 workplaces.
- Dental and Oral Health Services provide basic dental treatment (teeth and gums examination, x-rays, fillings, extractions, root canal treatment, dentures and partial dentures), education and preventive services for at risk children living in low-income families as well as low-income seniors. Currently, the adult population (18-65 years of age) is not eligible for free dental services under the TPH dental program. The Dental and Oral Services’ major activities for 2008 include the following:
 - provide 22,000 preventive services in public health clinics to children and seniors,;
 - provide basic dental treatment to 325,100 clients in targeted groups;
 - screen 636 schools and 218,000 children in public schools; and,
 - provide oral health education to 24,000 people.

The Province recently announced a \$45.0 million-a-year dental care program for Ontario's working poor that will provide a range of preventative and treatment services, such as fluoride treatment, scaling, sealing, extractions and restorations. This initiative will impact the delivery of TPH's non-mandatory Dental Program for Youth, Low-Income Adults and Seniors that is currently funded 100% by the City. The 2008 Recommended Operating Budget includes \$6.062 million for dental / oral treatment to low income dental patients (including seniors) and their families. The Province has not provided any program details or an estimated timeline for this initiative, however, the Ministry of Health and Long Term Care (MOHLTC) in conjunction with the Ministry of Health Promotion and the Ministry of Community and Social Services are in discussion to determine the best way to provide the new planned dental care services. The MOH will report to the Board of Health and Budget Committee once details/financial implications are confirmed by the Province.

Strategic Priorities

The 2008 Recommended Operating Budget supports the following initiatives outlined in Council's policy agenda:

- ***Making a Safe City Safer***

TPH coordinates the City's Hot Weather Response Plan. This plan includes routine monitoring, heat alerts and extreme heat alerts. The plan is intended to alert those most at risk of heat related illness that hot weather conditions are either imminent or currently exist and to take immediate precautions. TPH annually reviews and revises a number of educational materials that outline general precautions to take during hot weather and these are widely distributed to the public.

- ***A Clean, Green, and Beautiful City***

TPH works with federal and provincial governments and in collaboration with the Clean Air Partnership to promote the **Air Quality Health Index (AQHI)** to Toronto's diverse population. The Toronto Air Quality Health Index (AQHI) launched in July 2007 was a pilot project that measures the daily health risks from local air pollution and gives those most vulnerable the information they need to protect themselves.

TPH, together with other Greater Toronto Area public health units, also supports the "**20/20 The Way to Clean Air campaign**". This campaign is designed to provide residents in the GTA with resources to help reduce their own air pollution emissions, particularly in home energy use and vehicle use.

A **Pesticide By-law** that restricted the outdoor use of pesticide on all public and private properties in Toronto was approved in April 1, 2004 with enforcement phased in to help residents and business in Toronto adapt to the by-law. Since its approval in 2004, TPH has continually worked to ensure that residents and businesses fully understand their obligations and have access to information about natural lawn and garden care. In September 2007, the by-law came into full effect and TPH gradually shifted from purely education-based enforcement to a combined education and penalty-based approach that included charges for by-law violations.

Section C: 2008 Recommended Base Budget

Table 3: 2008 Recommended Base Budget

(In \$000s)	2007 Appvd. Budget	2008 Recommended Base	Change 2008 Recommended Base v. 2007 Appvd. Budget		FY Incremental Outlook	
					2009	2010
	\$	\$	\$	%	\$	\$
GROSS EXP.	214,719.4	218,102.4	3,383.0	1.6	1,503.5	2,781.8
REVENUE	164,329.8	167,712.8	3,383.0	2.1	1,280.2	2,053.6
NET EXP.	50,389.6	50,389.6	0.0	0.0	223.3	728.2
Approved Positions	2,022.5	1,946.0	(76.5)	(3.8)	2.0	2.0
NET TARGET		50,389.6				
\$ Over / (Under) Program Target		0.0			223.3	728.2
% Over / (Under) Program Target		0.0%			0.44%	1.45%

2008 Recommended Base Budget

- The 2008 Recommended Base Budget of \$50.390 million net is at the 2008 target. The target was achieved primarily by implementing efficiencies and service level reductions of \$0.761 million and re-directing Provincial funding to eligible public health services that were previously 100% funded by the City resulting in additional revenues of \$1.287 million.
- The recommended base budget includes 5% growth over the 2007 provincial base funding for cost-shared programs that funds 2008 base pressures of \$8.355 million consisting mainly of COLA, merit and step, an extra day in 2008 (Leap Year) and annualization of services that were implemented in 2007. The additional funding also allows TPH the opportunity to fund eligible public health programs that were 100% City-funded in 2007 to provincial cost sharing in 2008 as shown in the table below.

	2008 Provincially Cost Shared at 75%		
	Gross \$000s	Revenue \$000s	Net \$000s
Increase in Eligible Provincial Cost Shared Programs			
Corporate Charges*	766.5	574.9	191.6
One on One Youth Mentoring	110.7	83.0	27.7
Community Crisis Response	183.2	137.4	45.8
Support Youth and Priority Neighbourhood	368.5	276.4	92.1
Methadone Program	100.0	75.0	25.0
Heat Alert Outreach	186.5	139.9	46.6
TOTAL	1,715.4	1,286.6	428.8
*Represents Corporate recoveries for overhead charges such as facility costs, I&T, Finance, etc.			

The recommended budget includes a net staff reduction of 76.5 positions due to the following:

Description	No. of Positions	Comment
Capital Projects	(13.5)	Positions funded from the Capital Budget no longer required in 2008 primarily due to the completion of the Animal Services capital project.
One-time 100% Externally Funded Programs in 2007	(44.0)	Reversal of one-time funding of public health services in 2007 such as Investing in Families, Meningitis C Vaccine, Blind Low Vision, Nursing Graduate Guarantee Initiative, etc.
Service Level Reductions	(16.0)	Elimination of the Wildlife Field Response, Elimination of the Owner Surrender Services, and outsourcing of the West Nile larviciding activities recommended in 2008
Re-organization of the Heat Alert Program	(3.0)	Re-organization of the Heat Alert Outreach Program results in a deletion of 6 student positions to be replaced by 3 positions, one full-time Manager and two part-time Public Health Inspectors.
TOTAL	(76.5)	

2008 Key Cost Drivers and Reduction Strategies

The key cost drivers for Public Health's 2008 base budget are:

- Cost of providing the current level of service requires \$6.404 million gross (\$1.948 million net) for increases in COLA, merit and step, the job evaluation impact for non-union positions and an extra day in 2008, and \$0.317 million gross (\$0.079 million net) for inflationary increases for non-labour costs.
- Annualized impact of 10 new /enhanced services implemented in 2007 of \$1.951 million gross and \$0.100 million net as shown in the table below.

Services	Annualized Impact in 2008 (\$000s)		
	Gross	Revenue	Net
Healthy Babies / Healthy Children	1,017.2	1,017.2	0.0
Blind Low Vision	151.0	151.0	0.0
New Air Quality Health Index	40.0	40.0	0.0
Communicable Disease Control Compliance	103.7	77.8	25.9
Parenting Education for High Risk Neighbourhoods	100.1	75.1	25.0
Public Health Services: Schools and Youth	86.2	64.7	21.5
Dental Svcs for Low Income and Street Youth	22.4	0.0	22.4
Preschool Speech and Language	101.4	101.4	0.0
Nursing Graduate Guarantee Initiative	308.5	308.5	0.0
Pandemic Influenza Preparedness	20.0	15.0	5.0
TOTAL	1,950.5	1,850.7	99.8

These base pressures are offset by the following reductions:

- reversal of one-time 100% externally funded health services programs in 2007 of \$3.998 million gross (\$0 net) such as Investing in Families, Tuberculosis Air Quality Guidelines and Site Assessment, Hepatitis C Prevention, Nursing Graduate Guarantee Initiative, etc.; and,

- efficiencies and service level reductions totaling \$0.993 million gross and \$0.761 million net with a decrease of 16 positions. See page 16 for further details.

2009 and 2010 Outlook: Net Incremental Impact:

The Outlooks of \$0.223 million for 2009 and \$0.728 million for 2010 include merit and step increases, the reversal of an extra working day and operating impacts of capital projects summarized in the table below. The 2009 and 2010 outlooks do not include a provision for COLA, as the increase is subject to future negotiations and are based on the assumption that the Province will continue to cost share 75% of all eligible public health services.

Operating Impact of Capital

The 2008 Approved Capital Budget results in operating budget impacts of \$0.582 million gross and \$0.146 million net in 2009 - 2010, as follows:

Operating Impact Of The 2008 Approved Capital Budget													
Project Name	2008		2009		2010		2011		2012		TOTAL		
	Net \$000s	Position	Net \$000s	Position	Net \$000s	Position	Net \$000s	Position	Net \$000s	Position	Net \$000s	Position	Gross \$000s
PH Surveillance and Mgmt System					56.9	2.0					56.9	2.0	227.6
PHIPA System Compliance			51.9	2.0							51.9	2.0	207.4
HF/HL Mandatory Management Reporting			36.6								36.6	0.0	146.5
Dental Strategy and Implementation					0.3						0.3	0.0	0.3
Total	0.0	0.0	88.5	2.0	57.2	2.0	0.0	0.0	0.0	0.0	145.7	4.0	581.8

- PH Surveillance and Management System project will be completed in 2010 that results in an operating impact of \$0.228 million gross and \$0.057 million net in 2010 for two new positions, one Manager of Infection Control & Infectious Diseases (responsible for the resolution of application issues with the Province, overall registration of uses, system training, data quality assurance, etc) and one Public Health Nurse (responsible for all aspects of the immunization registry and immunization management).
- Personal Health Information Protection Act (PHIPA) System Compliance is scheduled for completion in 2008 and results in an operating impact of \$0.207 million gross and \$0.052 million net for two new Security / Programmer Analyst positions (to maintain the system) and ongoing service and maintenance costs.
- Healthy Family / Health Living Mandatory Management Reporting is expected to be completed in 2008 and the Program has identified an operating impact of \$0.147 million gross and \$0.037 million net for ongoing service and maintenance costs.
- Dental Strategy and Implementation - \$0.3 thousand gross and net is required to fund ongoing costs for service and maintenance costs.

Section D: 2008 Recommended Service Priorities

There are no new / enhanced service priorities recommended for Toronto Public Health in 2008.

Section E: Issues for Discussion

2008 Operating Budget Issues

Operating Efficiencies Generated from Previously Approved Capital Projects

City Council had previously recommended that operating efficiencies and revenue generation from licensing fees be contributed to repay the debt costs of 4 capital projects over a number of years. The repayment schedule is summarized below:

Toronto Public Health Re-payment Schedule for Capital Projects								
Project Name	Prior to 2007	2007	2008	2009	2010	2011	2012-2015	TOTAL
(In \$000s)	\$	\$	\$	\$	\$	\$	\$	\$
Toronto Community Health Information System	2,070.0	818.6	818.6	818.6	818.6	818.6	3,042.3	9,205.2
South Regional Animal Centre	968.0	330.0	250.0					1,548.0
North York Dental Clinic	120.0	180.0	240.0	240.0				780.0
On-line Animal License Application and Renewal System*	21.0	240.7	240.7	240.7	240.7	240.7		1,224.5
TOTAL SAVINGS/CONTRIBUTION	3,179.0	1,569.3	1,549.3	1,299.3	1,059.3	1,059.3	3,042.3	12,757.7

*An update on the revenues associated with the implementation of the On-line Animal License Application System will be reported in the 1st quarter of 2008.

Savings from operating efficiencies and additional revenues from licensing fees generated by the implementation of these systems are used to fund the repayment contributions for each project. Repayments / contributions are on target as recommended by City Council.

Toronto Animal Services (TAS)

- On-going Program Review

Toronto Animal Services (TAS) is a municipally operated animal care and control operation within the City of Toronto which provides animal sheltering, field services, licensing and education programs for all residents of the City. TAS is not significantly funded by the

Province and relies primarily upon the municipal levy, minor subsidies, donations and revenue generation from licensing and user fees.

The program review of TAS is currently at the findings and recommendations stage and is expected to be completed in 2008. The main objectives of the review are as follows:

- assess the appropriate organization placement of TAS within the City's administrative structure;
 - determine the level of client satisfaction with the services provided by TAS; and,
 - determine whether TAS should continue to provide wildlife services, and if so how.
- Dog and Cat Licensing Strategy

In 2006, City Council approved the Dog and Cat Licensing Strategy as a revenue generating strategy for enhancing the level of animal services in Toronto by increasing the proportion of dogs and cats which are licensed as required by the City's Municipal Code. The approval was based on the assumption that expenditures will be fully offset by the generation of licensing revenues.

The recommendations adopted by City Council included an annual report by the Medical Officer of Health (MOH) to the Board of Health and the Budget Committee on animal service levels and performance, including progress on the implementation of the licensing strategy prior to the submission of the TPH Operating Budget.

Since the implementation of the Dog and Cat Licensing Strategy in late 2006, the number of licensed pets and the associated revenues has steadily increased. The 2007 projected revenues of \$1.255 million shows a 66% increase over 2006 actuals of \$0.754 million. In 2008, TPH plans to focus on obtaining a more visible presence in the community to increase public awareness on the benefits of licensing and the legal requirements to comply with the municipal by-law. An update on the service levels and performance of the licensing strategy will be submitted to the Board Health and Budget Committee in early 2008.

Dental Care Program for Ontario's Working Poor

The Province recently announced that it is moving forward on an election promise to create a \$45.0 million dental care program for Ontario's working poor that will provide a range of preventative and treatment services, such as fluoride treatment, scaling, sealing, extractions and restorations. The planned dental care program will cover approximately 500,000 people in Ontario at a cost of about \$900 per person.

This initiative will impact the delivery of TPH's non-mandatory Dental Program for Youth, Low-Income Adults and Seniors that is currently funded 100% by the City (\$6.062 million is included in the 2008 Recommended Operating Budget).

The Province has not provided any program details or an estimated timeline for this initiative. The MOH will report to the Board of Health and Budget Committee once details/financial implications are confirmed by the Province.

Issues Referred to 2008 Operating Budget Process

The Board of Health (BOH) at its meeting on September 19, 2007, recommended that the report on Toronto Public Health's 2008 Operating Budget Request be forwarded to the Budget Committee for consideration during the 2008 Budget process. The recommendation stated that:

“the Budget Committee consider service reduction options as summarized in Table 4, “Summary of 2008 Service Reduction Options” of the report (September 14, 2007) from the Medical Officer of Health totaling a budget reduction of \$0.754 million net expenditures to achieve the City's target of a zero net increase over the 2007 Operating Budget.”

The table below summarizes the recommended reductions to achieve the 2008 target.

(In \$000s)	BOH Recommended			2008 Recommended Operating Budget		
	Positions	Gross	Net	Positions	Gross	Net
	#	\$	\$	#	\$	\$
Efficiencies and Service Level Reductions						
1) Cease Field Service Response to injured or Distressed Wildlife	(3.0)	(253.0)	(253.0)	(3.0)	(260.8)	(260.8)
2) Cease Providing Pet Owner Surrender Services	(3.0)	(375.1)	(290.5)	(3.0)	(375.1)	(290.5)
3) Cease Denture Co-Payment (50% Subsidy)			(210.0)	<i>Not Recommended</i>		
4) Outsourcing Larviciding Activities of the West Nile Virus Program				(10.0)	(195.6)	(48.9)
5) Reduced Overtime and Increased Gapping in 100% City-funded Services					(161.1)	(161.1)
TOTAL - Recommended	(6.0)	(628.1)	(753.5)	(16.0)	(992.6)	(761.3)

*The BOH recommended service reduction of \$0.754 million was based on TPH's 2007 Approved Budget prior to the corporate re-allocation of insurance cost of \$7.8 thousand.

1) Cease Field Service Response to Injured or Distressed Wildlife (*Recommended*):

- Toronto Animal Services (TAS) responds to approximately 4,500 field service requests annually regarding injured, sick or distressed wildlife, excluding West Nile Virus (WNV) bird collection. Depending upon the condition of the wild animal and the availability of a potential rehabilitator, the animal is either euthanized or sent for rehabilitation.
- Toronto Wildlife Centre (TWC) and Toronto Humane Society (THS) provide some wildlife response services and rehabilitation. TWC helps wildlife in distress and provides education to the community on wildlife-related issues and they have highly trained staff and volunteers who perform difficult life saving rescues 365 days a year.
- Private service providers are available that will respond to wildlife field service requests for a fee payable by the resident.
- TAS would continue to respond to field service requests where the injured, sick or distressed wildlife was an imminent threat to public health and safety.

- 2) Cease Providing Pet Owner Surrender Services (*Recommended*):
 - TAS receives approximately 4,300 owner-surrendered animals (dogs, cats, rabbits and rodents) where the pet owners can no longer keep them. Pets that are not candidates for re-homing (adoption) are euthanized.
 - By withdrawing this service, it's expected that up to two third (approximately 2,800) of these animals will be brought to TAS as strays. The consequence of "owned" animals being relinquished as "stray" is that TAS will not have access to the individual animal's history, including name, age, health and behavioural information.
 - The cost savings resulting from this service reduction assumes decreased animal intake and sheltering of approximately 1,500 animals annually.
- 3) Cease Denture Co-Payment Subsidy of 50% (*Not Recommended and Replaced by Service Efficiencies*)
- 4) Outsourcing the Larviciding Activities of the West Nile Virus Program (*Recommended*)
 - Since 2003, Toronto Public Health has hired students to undertake larviciding activities in the West Nile Virus program. In 2008, TPH will be outsourcing the larviciding activities to a pest control company as done in other public health units. The cost of outsourcing has reduced since TPH began larviciding due to competition in the private sector. Contracting out will result in cost savings of \$0.196 million gross and \$0.049 million net and a reduction of 10 student positions and will ensure an enhanced service delivery, efficient cost effective program with less health and safety liability to the city.
- 5) Reduced overtime and increased gapping of \$0.161 million (*Recommended*)
 - The reduction in overtime of \$0.122 million and increased gapping of \$0.039 million in the Animal Services Program and the Dental Program for Seniors are based on actual experience and have no impact on service delivery.
 - The 2008 budgeted gapping remains at 4.2% which is at the same level as the 2007 Budget. Actual gapping experienced by TPH since 2005 has consistently been higher than budget as summarized in the table below:

Toronto Public Health Gapping					
Years	Budget		Actual		Comments:
(In \$mil)	\$	%	\$	%	
2005	4.9	3.5%	9.3	6.6%	Actual gapping was mainly due to a hiring freeze combined with hiring and staff retention difficulties.
2006	5.9	4.0%	9.6	6.6%	Actual gapping was mainly due to hiring and staff retention difficulties.
2007	6.8	4.2%	10.0	10.0%	The 2007 projected gapping includes the hiring freeze of 47 positions due to cost containment measures implemented in 2007 and late funding approvals from the Province.
2008	7.1	4.2%			

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	1,982.5	210,996.6	160,599.2	50,397.4	0.0	0.0
In-year approvals and technical adjustments	40.0	3,753.9	3,753.9	0.0		
Corporate adjustments	0.0	(31.1)	(23.3)	(7.8)		
2007 Approved Operating Budget	2,022.5	214,719.4	164,329.8	50,389.6	0.0	0.0
Prior year impacts	(57.5)	(18.4)	(688.6)	670.2	622.5	728.2
Zero base items	0.0	(370.5)	(262.9)	(107.6)		
Economic factors	0.0	3,809.1	2,751.1	1,058.0	0.0	
Adjusted Base Budget	1,965.0	218,139.6	166,129.4	52,010.2	622.5	728.2
Other base changes	(3.0)	955.4	1,814.7	(859.3)	(399.2)	
Base revenue changes						
Recommended Service Level Adjustments:						
Service efficiencies	(10.0)	(356.7)	(146.7)	(210.0)		
Revenue adjustments						
Minor service impact						
Major service impact	(6.0)	(635.9)	(84.6)	(551.3)		
Total Recommended Base Adjustments	(19.0)	(37.2)	1,583.4	(1,620.6)	(399.2)	0.0
2008 Recommended Base Budget	1,946.0	218,102.4	167,712.8	50,389.6	223.3	728.2
2008 Program Operating Target	N/A	N/A	N/A	50,389.6	0.0	0.0
% Over (Under) Program Target				0.0%	0.44%	1.45%
% Over (Under) 2007 Appvd. Budget				0.0%	0.44%	1.45%

Appendix 2
Summary of Service Level Adjustments

Appendix 4

Inflows / Outflows to / from Reserves & Reserve Funds

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Projected Balance as of December 31, 2007 \$000s	Proposed Withdrawals (-) / Contributions (+)		
			2008 \$000s	2009 \$000s	2010 \$000s
Vehicle and Equipment Reserve	XQ1101		93.0	93.0	93.0
Balance by Year-end		379.4	472.4	565.4	658.4
PH Efficiency Reserve Fund	XR1108				
Animal Shelter			250.0	0.0	0.0
TCHIS			818.7	818.7	818.7
North York Dental Clinic			240.0	240.0	0.0
Animal On-line Licensing			240.6	240.6	240.6
Balance by Year-end		1,022.3	2,571.6	3,870.9	4,930.2
IT Equipment Reserve	XQ1508		1,386.9	1,386.9	1,386.9
Balance by Year-end		26,924.9	28,311.8	29,698.7	31,085.6
TOTAL - RESERVE BALANCE AT YEAR-END		28,326.6	31,355.8	34,135.0	36,674.2