

Analyst Briefing Notes

Budget Committee

(February 10, 2009)

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PART I: 2009 OPERATING BUDGET**Executive Summary**

- City Planning, through their three service areas; Development Review, Decision and Implementation; Civic and Community Improvements; and City Building and Policy Development seek to enhance the quality of life for Toronto's diverse residential and business communities through their commitment to guiding and managing the City's physical change and growth, and its effects on the social, economic and natural environment within the City. This is accomplished through City Planning's support of residential and employment growth, protecting stable residential neighbourhoods and the natural environment, providing opportunities for affordable housing, renewing and enhancing infrastructure, advancing the Climate Change Plan, growing transit use, raising the quality of architecture and urban design, enhancing heritage preservation, and supporting community engagement in the City.
- City Planning faces both challenges and opportunities over the next three years, including:
 - Legislative requirements under the Planning Act concerning Ontario Municipal Board (OMB) appeals continue to create additional pressures on Planning staff;
 - Challenges and opportunities arising from the Mayor and Council's policy agenda, specifically, increasing opportunities for public engagement to help build strong communities and additional demands on City Planning arising from their involvement in the Climate Change, Clean Air and Sustainable Energy Plan, Clean and Beautiful City and Transit City, which will provide for an additional 120 km of light rail lines across the City by 2021; and,
 - Service demand challenges arising from (a) the volume and complexity of development applications in the City provide the opportunity for proactive intervention which allows for comprehensive reviews or studies beyond single sites that can result in changes to rules and regulations that clarify and maintain Council's intentions for areas in the City, and demands arising from (b) the growing number of properties on the inventory of heritage properties, enhancing heritage preservation in the City.
- City Planning's service objectives, over the next three years will address the Program's key challenges and opportunities, these objectives include:
 - Completing City Planning's program review and ensuring the implementation of all recommended actions;
 - Improving the completion rate of applications which are processed within Council approved timeframes;
 - Developing public engagement and communication, and public education strategies;
 - Supporting the implementation of the Transit City plan for additional light rail lines across the City by 2021;

- Completing the new Zoning By-law and defending any appeals to the Ontario Municipal Board; and
- Increasing dedicated project teams for large scale studies.
- The 2009 Recommended Operating Budget provides base and new funding for priority actions that will address the Programs challenges, opportunities and service objectives. Key priority actions include:
 - Symposium: Designing the Transit City is a priority action which will increase opportunities for public engagement and support stronger transit for tomorrow. The 2009 Recommended Operating Budget provides new funding of \$0.050 million gross and \$0 net offset from TTC contributions and anticipated revenues to enable international industry experts to present and take part in seminars dealing with the design aspects of their cities transit designs.
 - The Keele Wilson Provincial Institutional Campus is a priority action which supports successful City building initiatives and will help create employment opportunities in high priority neighbourhoods. City Planning supports this provincially led initiative through the addition of 3 dedicated temporary planning staff, ensuring the evaluation and resolution of issues related to the planning and implementation of this transitional project. The 2009 Recommended Operating Budget includes \$0.275 million in new gross funding for the additional staffing which will be fully funded from the Province.
 - The completion of City Planning's Program Review will address service delivery and demand challenges facing the program and will result in a more efficient and effective public service. This priority action will be accommodated utilizing funding included in the 2009 Recommended Base Budget.
- For 2008, City Planning projects year-end net expenditures of \$13.749 million, \$0.102 million or 0.7% above the 2008 Approved Operating Budget of \$13.648 million net. This unfavourable variance results from expenditure savings of \$2.899 million arising primarily from vacant positions which have been offset by \$3.001 million in lower than anticipated revenues, as the mix of planning application types has been different than in previous years.
 - Projected expenditure savings of \$0.356 million in salaries and benefits in 2008 are expected to continue and have been reflected in the 2009 Recommended Operating Budget as City Planning has adjusted its salary budget with actual expenditures for filled positions. All vacant positions are filled or are in the process of being filled, thus 2008 vacancies have not impacted the 2009 Recommended Operating Budget.
 - The lower than anticipated revenues projected for 2008 have no impact on the 2009 Recommended Operating Budget for City Planning as 2009 budgeted revenues are based on application volumes similar to what had been experienced in previous years. Revenues will continue to be monitored closely through 2009 to determine if any adjustments should be considered for the 2010 Operating Budget.

Table 1: 2009 Recommended Budget

(In \$000s)	2008		2009 Recomm'd Operating Budget			Change - 2009 Recommended Operating Budget v. 2008 Appvd. Budget		FY Incremental Outlook	
	2008 Appvd. Budget	2008 Projected Actual	2009 Base	2009 New/Enhanced	2009 Operating Budget			2010	2011
	\$	\$	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	36,350.6	33,451.6	36,789.3	325.0	37,114.3	763.7	2.1	(239.4)	273.4
REVENUE	22,703.0	19,702.5	23,176.5	325.0	23,501.5	798.5	3.5	(771.8)	(275.0)
NET EXP.	13,647.6	13,749.1	13,612.8	0.0	13,612.8	(34.8)	(0.3)	532.4	548.4
Approved Positions	359.5	344.5	359.5	3.0	362.5	3.0	0.8		(3.0)
TARGET			13,374.6		13,374.6				
\$ Over / (Under) Program Target			238.2		238.2				
% Over / (Under) Program Target			1.8%		1.8%				

- The 2009 Recommended Operating Budget for City Planning of \$37.114 million gross and \$13.613 million net is \$0.035 million or 0.3% below the 2008 Approved Operating Budget, and 1.8% or \$0.238 million over the Program's 2009 Operating Budget target. Further reductions to meet the budget target of 2.0% below the 2008 Approved Operating Budget would result in significant service impacts.
- The 2009 Recommended Operating Budget for City Planning is \$13.613 million net. This is comprised of base funding of \$13.613 million net and recommended funding for new/enhanced service priorities of \$0.325 million gross and \$0 net. Approval of the 2009 Recommended Operating Budget will result in the Program's staff complement increasing from 359.5 to 362.5 approved positions.
 - The 2009 Recommended Operating Budget for City Planning results in incremental future year net impacts to the Program of \$0.532 million in 2010 and \$0.548 million in 2011 for anticipated merit and step increases. The 2011 Outlook anticipates the completion of City Planning's involvement in the Keele Wilson Provincial Institutional Campus, resulting in a decrease of \$0.275 million gross and revenue and 3.0 temporary positions. The 2010 and 2011 Outlooks do not include cost of living adjustments (COLA) which are subject to future negotiations.
- The 2009 Recommended Operating Budget for City Planning incorporates the Program's key cost drivers, including:
 - Increases to salaries and benefits of \$0.979 million including merit, step and the annualization of 2008 COLA;
 - The incremental costs of 12 new planning staff approved in mid-2008 results in an additional pressure of \$0.517 million in 2009; and
 - These key cost drivers are partially offset by savings of \$0.360 million arising from the re-alignment of salary and benefit costs with current requirements and a 3.7%

inflationary increase to fees and service charges based on the Consumer Price Index for the Toronto census area, resulting in increased revenue of \$0.716 million.

- The 2009 Recommended Operating Budget incorporates funding for new and enhanced service priority actions that advance the Mayor's mandate and Council's policy agenda:
 - Towards stronger transit for tomorrow and increasing opportunities for public engagement through a symposium on Designing the Transit City, which will allow international industry experts to present and take part in a two day international symposium to explore ideas for the physical design of our Transit City plan, providing the City with the benefit of learning from other successful transit cities. In support of the Mayor's priorities for a Transit City as well as continued civic engagement, \$0.050 million gross and \$0 net in funding will be provided for this new service priority.
 - Implementing successful City building initiatives, City Planning will support the development of the Keele Wilson Provincial Institutional Campus as the Province plans and implements an approximately 2 million square foot major institutional campus development, which supports the Mayor's agenda for prosperity, represents the continued implementation of city-building initiatives and will help create employment opportunities in high priority neighbourhoods. Funding of \$0.275 million gross and \$0 net with an increase of 3 approved temporary position is provided for City Planning to ensure dedicated staff are available to evaluate and resolve issues of planning and implementation and enable City Planning to work with the Province, relevant City Divisions, ABC's, area residents and businesses in a timely manner, ensuring a positive outcome for the City and all stakeholders.
- The 2009 Recommended Operating Budget for City Planning provides funding for the Program to complete, continue and initiate the following activities:
 - Receive and process a projected 3,930 development applications for Committee of Adjustment, Official Plan and Zoning By-law amendments, Site Plan, plans of subdivision, condominium approval, and part lot control;
 - Deliver an estimated 450 non-statutory civic engagement community meetings with 16,000 residents on the choices and consequences of new development and infrastructure;
 - Submit 14 development approval applications to the Design Review Panel pilot project for consideration;
 - Continue to deliver enhance streetscapes within the public realm, building on the 8,000 linear metres completed in 2008; and,
 - Increase the number of properties included in the City's heritage inventory to 9,500 in order to identify and preserve the heritage fabric of the City.

Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

1. City Council approve the 2009 Recommended Operating Budget for City Planning of \$37.114 million gross and \$13.613 million net, comprised of the following service:

<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
City Planning	<u>37,114.3</u>	<u>13,612.8</u>
Total Program Budget	<u><u>37,114.3</u></u>	<u><u>13,612.8</u></u>

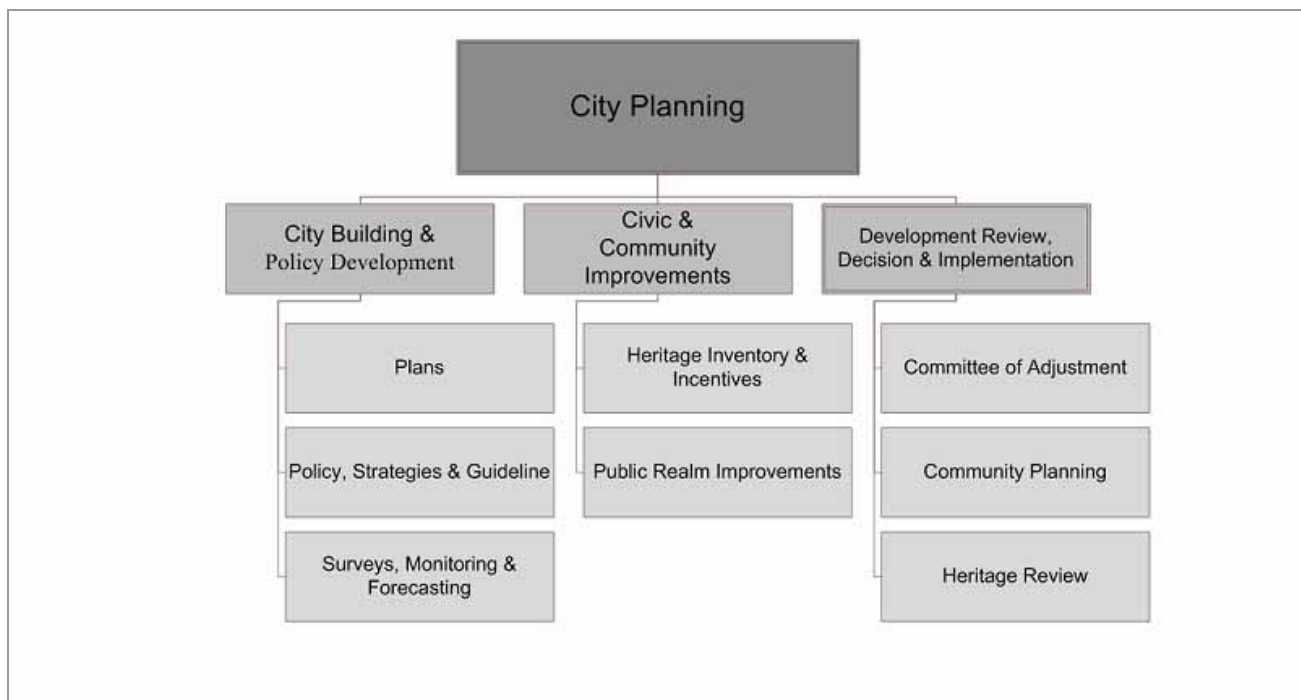
2. the Deputy City Manager responsible for City Planning report back to the Budget Committee in mid-year 2008 on the results of the Development Application Review Project (DARP) and on an approach to increasing community planning and development application process fees in the future to allow for full cost recovery of all City wide costs related to the processing of community planning and development applications.

PART II: 3-YEAR SERVICE OVERVIEW AND PLAN

City Planning is committed to 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.

City Planning will, over the next three years manage the growth and physical form of the City, as set out in Toronto's Official Plan through supporting residential and employment growth, protecting existing stable residential neighbourhoods and the natural environment, providing opportunities for affordable housing and preserving existing stock, renewing and enhancing social and physical infrastructure, advancing the Climate Change Plan, growing transit use, raising the quality of architecture and urban design, enhancing heritage preservation, and supporting community engagement in the planning of the City.

Program Map



Service Challenges and Opportunities

City Planning manages the growth and physical form of the City in accordance with Mayor and Council priorities, increasing service demands and legislative requirements. 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 City's strategic services directions and objectives:

Mayor/Council's Policy Agenda

- An increase in opportunities for public engagement during the planning process supports the Mayor's priorities for continued civic engagement and building strong communities. Meaningful civic engagement and consultation results in better and more publicly accepted decisions, with fewer appeals to the OMB. This consultation, demanded by the public and Council, and needed in a mature built urban context is labour intensive and continues to put service demands on City Planning.
- In support of the Mayor's priority for a Transit City, City Planning participates in all environmental assessments and travel demand forecasting for the implementation of 120 km of light rail lines across the City by 2021. Additionally, in support of the Climate Change, Clean Air and Sustainable Energy Action Plan, the Program continues to refine and develop a number of implementation measures. The demands on City Planning resources for these projects will continue to challenge the program during the next 3 years.

Service Demands

- 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, which requires City Planning to process quick applications in 3 months, routine applications in 4 months and complex applications in 9 months. Also, legislation requires that a decision on all heritage demolitions or alterations must be completed within 90 days of receipt.
- 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.
- 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 legislated time frames will result in an automatic approval with respect to heritage considerations. This creates a high level of risk of not keeping pace with the growing demand.

Legislative Requirements

- 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 Program to review applications in a timely manner.

Service Objectives

City Planning has established service objectives for the next 3 year period to address its challenges and opportunities as identified in its 3-year Service Plan. The Program's key service objectives include:

Service Delivery Strategies

- Complete City Planning's program review and ensure implementation of all recommended actions to help address service demand challenges.
- Work with Divisions and applicants to improve the % of complete planning applications that are processed within Council approved timeframes.
- Complete the development of the new Zoning By-law and successfully defend any appeals to the Ontario Municipal Board.

Implementation of Enhanced Civic Engagement/Communication Strategies

- Develop a public engagement strategy including a communication and public education plan to increase opportunities for public engagement in the planning process.

Mayor and Council Priorities

- Support the implementation of the Transit City plan for an additional 120 km of light rail lines across the City by 2021.
- Support the Climate Change, Clean Air and Sustainable Energy Action Plan through a number of implementation measures such as the Green Development Standards and the Green Roof By-law.

Support the Demand for Large Scale Revitalization Studies

- Establish temporary dedicated project teams for large scale studies such as the Downsview Park Secondary Plan, the Lawrence Heights Revitalization and the Keele Wilson Provincial Institutional Campus.

Priority Actions

The 2009 Recommended Operating Budget for City Planning directly advances, through a number of initiatives, the following strategic priorities outlined in the Mayor's mandate and Council's policy agenda:

- ***Toward Stronger Transit for Tomorrow & Increased Opportunities for Public Engagement:***

Symposium: Designing the Transit City: City Planning will continue to support the Mayor's mandate of a Transit City, which includes a comprehensive network of dedicated rapid-transit routes that will move people quickly, efficiently and affordably through all parts of the City, by way of a two day international symposium exploring ideas for the physical design of our Transit City plan.

The 2009 Recommended Operating Budget includes one-time funding of \$0.050 million gross and \$0 net for this new initiative, which will be fully funded from a TTC contribution of \$0.025 million and an additional \$0.025 million from anticipated revenues. This symposium will increase opportunities for public engagement in the planning process for the plans and designs of Avenues and Nodes along Transit City lines.

- ***Implement Successful City Building Initiatives***

Keele Wilson Provincial Institutional Campus: City Planning will support this Provincially led project which addresses the demand for large scale City building initiatives, through a new service priority utilizing an additional 3 dedicated temporary staff who will work with the Province of Ontario to ensure the evaluation and resolution of issues related to the planning and implementation of an approximately 2 million square foot Provincial institutional campus on the southwest corner of Keele Street and Wilson Avenue.

The 2009 Recommended Operating Budget includes gross funding of \$0.275 million for this new initiative, which will be fully funded from the Province of Ontario. This development, which will include new Humber River Regional Hospital, a coroner's office and forensic institute as well as provincial office space will support the Mayor's agenda for prosperity, represents the continued implementation of city-building initiatives and will help create employment opportunities in high priority neighbourhoods.

- ***Promote a More Efficient, Effective Public Service***

City Planning Program Review: Funding of \$0.070 million gross and \$0 net is provided in the 2009 Recommended Base Budget for the completion of the program review of the City Planning Division. In accordance with the Mayor's mandate to promote a more efficient and effective public service, the program review will focus on the following:

- Consultation and public participation in the planning process;
- Beauty as a core consideration and activity, not an afterthought;
- Focusing resources on the highest order planning activities and partnering with others where appropriate;
- Striking the right balance between City-wide and local planning activities;
- Enhanced monitoring of performance;
- Staff recruitment, retention and development,
- Interdivisional linkages;
- The development application review process; and,

- Communicating effectively with the public, internal and external stakeholders.

A priority action for City Planning in 2009 will be to complete and implement recommendations arising from the Division's program review to address service delivery and demand challenges facing the program.

Completion of the new Zoning By-law: City Planning will utilize resources funded in the 2009 Recommended Base Budget to complete the new Zoning By-law. The *Planning Act* stipulates that the Zoning By-law must be in conformity with the Official Plan within 3 years of its approval. Toronto's Official Plan was approved in 2006, and the new Zoning By-law project must be completed in 2009.

Completion of the new Zoning By-law will allow City Planning to continue building strong communities in the City and strengthen the City's position at the OMB, resulting in fewer appeals with less demand on the City's planning staff.

PART III: 2008 BUDGET VARIANCE ANALYSIS

Table 2: 2008 Budget Variance Review

(In \$000s)	2007 Actuals	2008 Approved Budget	2008 Projected Actuals*	2008 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	%
GROSS EXP.	31,440.4	36,350.6	33,451.6	(2,899.0)	(8.0)
REVENUES	18,407.1	22,703.0	19,702.5	(3,000.5)	(13.2)
NET EXP.	13,033.3	13,647.6	13,749.1	101.5	0.7
Approved Positions	310.5	359.5	344.5	(15.0)	(4.2)

Note: *Source City Planning 2008 Third Quarter Operating Budget Variance Report.

2008 Experience

City Planning's Third Quarter Variance report projects that the Program will incur \$0.102 million or 0.7% in over-spending above the 2008 Approved Operating Budget of \$13.648 million by year-end.

2008 year-end gross expenditure are projected at \$33.451 million, which is under the 2008 Approved Budget of \$36.351 million by \$2.899 million or 8.0%. The under expenditure is primarily in Salaries & Benefits and is the result of unspent funds arising from vacant positions, although most are now in the process of being filled.

Projected year-end actual revenue of \$19.703 million is under the 2008 Approved Budget of \$22.703 million by \$3.001 million or 13.2%. The revenue variance is primarily in Planning Application Fees, as projected volumes for 2008 of 634 applications for Community Planning and 2,955 applications for Committee of Adjustment are 10.0% less than those received in 2007 and are now generating less revenue as a result. Current economic conditions also give rise to uncertainty in the development industry and revenue projections may not be met in the final quarter of the year.

Impact of 2008 Operating Variance on the 2009 Recommended Budget

- The projected 2008 gross expenditure savings of \$2.899 million that were primarily due to staff vacancies are not expected to fully continue in 2009 as most vacancies are now in the process of being filled. However, the 2009 Recommended Operating Budget incorporates savings of \$0.360 million in salaries and benefits based on the 2008 experience of budgeted expenditures for filled positions not fully aligning to actual salary and benefit costs.
- The 2009 revenue estimate assumes the same volume and application mix that had been budgeted for in previous years with approximately 700 Community Planning applications and 3,300 Committee of Adjustment applications.

- City Planning and Financial Planning staff will monitor revenue through 2009 to determine if the application volume experienced in 2008 trends into 2009. If this is the case, revenue shortfalls in 2009 will occur and will be taken into consideration during the 2010 Operating Budget process.

PART IV: 2009 RECOMMENDED BASE BUDGET

Table 3: 2009 Recommended Base Budget

(In \$000s)	2008 Appvd. Budget	2009 Recommended Base	Change 2009 Recommended Base v. 2008 Appvd. Budget		FY Incremental Outlook	
			\$	%	2010	2011
	\$	\$			\$	\$
GROSS EXP.	36,350.6	36,789.3	438.7	1.2	(189.4)	548.4
REVENUE	22,703.0	23,176.5	473.5	2.1	(721.8)	
NET EXP.	13,647.6	13,612.8	(34.8)	(0.3)	532.4	548.4
Approved Positions	359.5	359.5	0.0	0.0		
NET TARGET		13,374.6				
\$ Over / (Under) Program Target		238.2				
% Over / (Under) Program Target		1.8%				

2009 Recommended Base Budget

The 2009 Recommended Base Budget expenditures of \$36.789 million gross, reflect an increase of \$0.439 million or 1.2% compared to the 2008 Approved Operating Budget of \$36.351 million. The increase in gross expenditures includes the annualized impact of 12 new staff approved in 2008, merit and step increases, and the annualization of the 2008 cost of living adjustments.

The 2009 Recommended Base Budget revenues of \$23.177 million are \$0.474 million or 2.1% higher than the 2008 Approved Operating Budget. The increase primarily reflects the projected incremental revenues of \$0.716 million arising from a 3.7% inflationary increase in Planning Application Fees. This increase is somewhat offset from the reversal of 2008 one-time revenues for projects funded from third parties.

The 2009 Recommended Base Budget of \$13.613 million net represents a 0.3% or \$0.035 million decrease from the 2008 Approved Operating Budget and a 1.8% or \$0.238 million increase over City Planning's 2009 budget target of \$13.375 million while maintaining 2008 service levels, with no change to approved positions. The 2009 Recommended Base Budget does not include a provision for cost-of-living adjustments (COLA), as this is subject to negotiation.

Reductions in expenditures totalling \$0.238 million would be required if City Planning were to achieve the 2009 net budget target of \$13.375 million which represents a 2% reduction for 2008 approved funding levels. Any further reductions would significantly impact 2008 service levels.

2009 Key Cost Drivers and Reduction Strategies

The 2009 Recommended Base Budget provides funding for the following key cost drivers:

- Increases to salaries and benefits of \$0.979 million including merit, step and the annualization of 2008 COLA;
- The incremental costs of 12 new planning staff approved in mid-2008 results in an additional pressure of \$0.517 million in 2009; and
- These key cost drivers are partially offset by savings of \$0.360 million arising from the re-alignment of salary and benefit costs with current requirements and a 3.7% inflationary increase to fees and service charges based on the Consumer Price Index for the Toronto census area, resulting in additional savings of \$0.716 million.

2010 and 2011 Outlook: Net Incremental Impact

To maintain City Planning's 2009 service levels, merit and step increases anticipated in 2010 and 2011 will result in incremental expenditures of \$0.532 million and \$0.548 million respectively.

The 2010 and 2011 Outlooks do not include cost of living adjustments (COLA). The provision for COLA is not included as the salary increase is subject to negotiations.

PART V: RECOMMENDED NEW SERVICE PRIORITY ACTIONS

Table 4
2009 New / Enhanced Service Priority Actions: Summary
(In \$000s)

Description	2009 Recommended		Rec. New Positions	Net Incremental	
	Gross Exp.	Net Exp.		2010	2011
	\$	\$		\$	\$
Enhanced Services:					
(a) Enhanced Services - Council Approved					
(b) Enhanced Services - Program Initiated					
Sub-Total Enhanced Services	0.0	0.0	0.0	0.0	0.0
New Services:					
(a) New Services - Council Approved					
(b) New Services - Program Initiated					
Symposium: Designing the Transit City	50.0	0.0			
Keele Wilson Provincial Institutional Campus	275.0	0.0	3.0		
Sub-Total New Services	325.0	0.0	3.0	0.0	0.0
Total New/Enhanced Services	325.0	0.0	3.0	0.0	0.0

2009 Recommended New / Enhanced Service Priority Actions

New Service Priority Actions – Program Initiated

Symposium: Designing the Transit City (\$0.050 million gross, \$0 net)

The 2009 Recommended Operating Budget for City Planning provides one-time funding of \$0.050 million gross and \$0 net to organize, in partnership with the Toronto Transit Commission, the Canadian Urban Institute (CUI) and the Toronto Society of Architects (TSA) a two day international symposium to explore ideas for the physical design of our Transit City plan. This symposium will directly support the Mayor's priority for a Transit City as well as continued civic engagement.

- International industry experts will be asked to present and take part in seminars dealing with the design aspects of their cities transit designs and comment in detail on aspects such as character, densities, materials, community amenities, retail strategies, building code issues, and noise and vibration issues.
- This initiative will provide the City with the benefit of learning from other successful transit cities and take advantage of their planning and urban design lessons as the City of Toronto plans and designs our Avenues and Nodes along the Transit City lines.

- The funding requirement of \$0.050 million will be offset by contributions from the TTC in the amount of \$0.025 million and an additional \$0.025 million from revenues. This recommended new initiative results in a \$0 net impact for City Planning.

Based on offsetting funding as identified, it is recommended that this one-time new service priority be implemented in 2009.

Keele Wilson Provincial Institutional Campus (\$0.275 million gross, \$0 net)

The 2009 Recommended Operating Budget for City Planning provides funding of \$0.275 million gross and \$0 net for an additional 3.0 temporary staff who will work with the Province of Ontario over the next 2 years to develop an approximately 2 million square foot institutional space on the southwest corner of Keele Street and Wilson Avenue. This development will include new Humber River Regional Hospital, a coroner's office and forensic institute as well as provincial office space.

- These dedicated staff will ensure the evaluation and resolution of issues related to the planning and implementation of this major institutional campus development, and enable City Planning to work with the Province, relevant City Divisions, ABCs, area residents and businesses in a timely manner to ensure a positive outcome for the City and all stakeholders.
- This new service priority with no net cost to the City will be fully funded from the Province in the amount of \$0.275 million and will support the Mayor's agenda for prosperity, represents the continued implementation of city-building initiatives and will help create employment opportunities in high priority neighbourhoods.

Based on offsetting funding as identified, it is recommended that this new service priority be implemented in 2009, conditional upon confirmation of Provincial funding.

PART VI: ISSUES FOR DISCUSSION**2009 Budget Issues*****2009 Recommended Operating Budget vs. Guideline***

City Planning's 2009 Recommended Operating Budget of \$37.114 million gross and \$13.613 million net, does not include a provision for COLA, as this is subject negotiations. The 2009 Recommended Operating Budget for City Planning is \$0.035 million or 0.3% below the 2008 Approved Operating Budget, and 1.8% or \$0.238 million above the Program's 2009 Operating Budget target of \$13.375 million net.

City Planning's 2009 Recommended Operating Budget is above the operating target by \$0.238 million primarily as a result of an additional \$0.517 million in labour costs arising from the annualized cost of 12 new planning positions approved in mid-2008 to address service delivery issues experienced in previous years. Any further reductions to meet the budget target in 2009 would reverse the service capacity provided in 2008 through the added Planning staff.

2009 Recommended Revenue Increase

City Planning is projecting a 2008 year-end revenue variance of \$3.001 million primarily as a result of projected Planning Application volumes for 2008 of 634 applications for Community Planning and 2,955 applications for Committee of Adjustment, which are 10% less than those received in 2007 and are now generating less revenue as a result.

City Planning's 2009 Recommended Operating Budget has been developed on the basis that the revenue variance projected for 2008 will not trend into 2009. Revenue estimates also include a fee increase of 3.7% based on the Consumer Price Index for the Toronto census area resulting in a revenue increase of \$0.716 million. If the 2008 projected experience does trend into 2009, City Planning will be required to manage their expenditures to ensure they achieve their year-end net budget target.

City Planning and Financial Planning staff will continue to monitor development revenue closely through 2009 to determine if the application mix results in a revenue variance, and if a revenue adjustment should be considered during the 2010 Operating Budget process.

Outstanding Issues from 2008 and Prior Years**Full Cost Recovery Model**

In 2008, City Planning experienced 94% direct cost recovery for Community Planning development application reviews and 93% direct cost recovery for Committee of Adjustment application levels. However the current 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 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 and indirect costs related to the processing of community planning and development application review.

It is recommended that the Deputy City Manager responsible for City Planning report back to the Budget Committee in 2009 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 A

2009 Recommended Base Budget Changes vs. 2008 Approved Budget

(In \$000s)	Summary of 2009 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2010	2011
		\$	\$	\$	\$	\$
2008 Council Approved Operating Budget	359.5	35,316.8	21,265.3	14,051.5	0.0	0.0
In-year approvals and technical adjustments		1,030.6	1,437.7	(407.1)		
Corporate adjustments		3.2		3.2		
2008 Approved Operating Budget	359.5	36,350.6	22,703.0	13,647.6	0.0	0.0
Prior year impacts		822.1	(545.8)	1,367.9	532.4	548.4
Zero base items						
Economic factors						
Adjusted Base Budget	359.5	37,172.7	22,157.2	15,015.5	532.4	548.4
Other base changes		(218.4)	185.2	(403.6)		
Base revenue changes			724.1	(724.1)		
Recommended Service Level Adjustments:						
Base changes						
Service efficiencies						
Revenue adjustments			110.0	(110.0)		
Minor service impact		(165.0)		(165.0)		
Major service impact						
Total Recommended Base Adjustments	0.0	(383.4)	1,019.3	(1,402.7)	0.0	0.0
2009 Recommended Base Budget	359.5	36,789.3	23,176.5	13,612.8	532.4	548.4
2009 Program Operating Target				13,374.6		
% Over (Under) Program Target				1.8%		
% Over (Under) 2008 Appvd. Budget				-0.3%		

Appendix B

Summary of Service Level Adjustments

Appendix C

**Summary of 2009 Recommended New/Enhanced
Service Priority Actions**

Appendix D

Program Summary by Expenditure Category

PROGRAM: CITY PLANNING							
	2008 Approved Budget	2008 Projected Actuals	2009 Recommended Budget	Change from 2008 Approved Budget		2010 Outlook	2011 Outlook
	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	33,050.8	30,800.8	33,938.1	887.3	2.7%	34,470.5	34,743.9
Materials and Supplies	197.3	197.3	183.8	(13.5)	(6.8%)	154.3	154.3
Equipment	224.8	224.8	224.8	0.0	0.0%	224.8	224.8
Services & Rents	2,358.8	1,773.7	2,215.8	(143.0)	(6.1%)	1,523.5	1,523.5
Contributions to Capital				0.0	n/a	0.0	0.0
Contributions to Reserve/Res Funds	65.7	65.7	65.7	0.0	0.0%	65.7	65.7
Other Expenditures	13.6	13.6	58.6	45.0	330.9%	8.6	8.6
Interdivisional Charges	439.7	375.7	427.6	(12.1)	(2.7%)	427.6	427.6
TOTAL GROSS EXPENDITURES	36,350.6	33,451.6	37,114.3	763.7	2.1%	36,874.9	37,148.3
Interdivisional Recoveries				0.0	n/a		
Provincial Subsidies			275.0	275.0	n/a	275.0	
Federal Subsidies				0.0	n/a		
Other Subsidies				0.0	n/a		
User Fees & Donations	19,572.4	16,771.9	20,349.0	776.6	4.0%	20,288.1	20,288.1
Transfers from Capital Fund	2,086.8	1,806.8	1,882.7	(204.1)	(9.8%)	1,882.7	1,882.7
Contribution from Reserve Funds	401.5	401.5	488.3	86.8	21.6%	160.3	160.3
Contribution from Reserve				0.0	n/a		
Sundry Revenues	642.3	722.3	506.5	(135.8)	(21.1%)	123.6	123.6
TOTAL REVENUE	22,703.0	19,702.5	23,501.5	798.5	3.5%	22,729.7	22,454.7
TOTAL NET EXPENDITURES	13,647.6	13,749.1	13,612.8	(34.7)	(0.3%)	14,145.2	14,693.6
APPROVED POSITIONS	359.5	344.5	362.5	3.0	0.8%	362.5	359.5

Appendix E

Inflows / Outflows to / from Reserves & Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Balance as of December 2008	Proposed Withdrawals (-) / Contributions (+)		
			2009	2010	2011
		\$	\$	\$	\$
Insurance Reserve Fund	XR1010	27,774.8	65.7	65.7	65.7
Capital Revolving Fund	XR1058	40,340.1	(160.3)	(160.3)	(160.3)
226 King Street East Reserve Fund	XR3212	81.6	(29.5)		
1050 The Queensway (Section 37)	3700014	100.0	(30.9)		
247 Richmond St E. (Section 45)	4500032	218.2	(198.1)		
Innovation Reserve Fund	XR1713	1,872.9	(69.5)		
Total Reserve / Reserve Fund Draws / Contributions		70,387.6	(422.6)	(94.6)	(94.6)