

Analyst Briefing Notes

Budget Committee

(February 10, 2009)

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

- Toronto Building ensures that the construction, renovation and demolition of buildings comply with the health, safety, accessibility, conservation and environmental provisions of the Building Code Act and other applicable law. The Program champions the application and understanding, while supporting, innovation of Building regulations by striving to provide excellence in City services, while responding to the development community, other City Divisions, Agencies, Boards, Commissions, and the Council of the City of Toronto. Toronto Building delivers two key services: Building Permissions and Information and Building Inspection.
- Toronto Building operates in a highly legislated environment characterized by frequent change in legislated requirements. A key challenge for Toronto Building is responding to legislative change while maintaining compliance with provincial regulations. Performance levels are also legislated and Toronto Building has been challenged in securing, developing and maintaining the human resources necessary to deliver core services within those levels. Other challenges and opportunities that the Program faces over the next 3 years include:
 - Responding to the Mayor and Council's priority respecting Climate Change and the call for a Harmonized City-wide Sign By-law. These new initiatives and priorities result in the need for Toronto Building to develop and implement response programs which require additional staff training and knowledge;
 - Optimizing IT technologies to support and enhance service delivery; and
 - Responding to fluctuating market conditions.
- The service objectives for Toronto Building address the challenges and opportunities outlined above. To provide exceptional service delivery, Toronto Building's objectives are to increase the response rate within the legislated time frames by 5% in 2009 for applications and inspections and to provide and improve access to building records to a 99% response rate within legislated time frames. Toronto Building has an objective to influence and deliver legislative change and specifically, will propose a new sign by-law for Council consideration as well as implementation of a green roof construction standards by-law.
- The 2009 Recommended Operating Budget provides funding to address the following priority actions which address Program challenges, opportunities and objectives:
 - \$0.138 million is provided in the 2009 Recommended Operating Budget to provide training to meet provincial qualifications for staff and other requirements, and in the Policy, Planning, Finance and Administration (PPFA) 2009 Approved Capital Budget there is \$1.482 million provided to implement IT enhancements for improved service delivery.

- \$0.100 million is provided in the 2009 Recommended Operating Budget for environmental initiatives to meet the city's Climate Change, Clean Air and Sustainable Energy Action Plans, such as creating a Green Roof By-law and leading discussions with the Province of Ontario on implementing energy efficiency requirements earlier than 2012.
 - \$0.692 million is included in the 2009 Recommended Operating Budget for the creation and implementation of a Harmonized City-wide Sign By-law to help improve the look and feel of Toronto's streets.
 - New service funding of \$0.779 million is provided for enhanced records disclosure and investigation of marijuana grow operations (MGO's) to help to keep Toronto streets safer and provide a more efficient and enhanced service delivery of building information.
- For 2008, Toronto Building projects year-end net expenditures of (\$12.670) million which will be \$1.250 million net or 10.9% below the 2008 Approved Budget of (\$11.420) million. This projected year-end favourable variance is attributable to savings in salaries and benefits due to hiring delays.

Table 1: 2009 Recommended Budget

	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
	\$	\$	\$	\$	\$	\$	%	\$	\$
(In \$000s)									
GROSS EXP.	42,152.5	40,902.5	44,289.1	779.0	45,068.1	2,915.6	6.9	(366.9)	(317.1)
REVENUE	53,572.6	53,572.6	55,709.2	779.0	56,488.2	2,915.6	5.4	(443.4)	25.0
NET EXP.	(11,420.1)	(12,670.1)	(11,420.1)	0.0	(11,420.1)	(0.0)	0.0	76.5	(342.1)
Approved Positions	407.5	372.5	407.5	10.0	417.5	10.0	2.5		
TARGET			(11,420.1)		(11,420.1)				
\$ Over / (Under) Program Target			0.0		0.0				
% Over / (Under) Program Target			0.0%		0.0%				

- The 2009 Recommended Operating Budget for Toronto Building is (\$11.420) million net and meets the 2009 target of (\$11.420) million net which represents a 0% increase over the 2008 Approved Operating Budget as the Program is 100% cost recovered.
- The 2009 Recommended Operating Budget for Toronto Building is comprised of base funding of \$44.289 million gross and (\$11.420) million net and funding for new/enhanced service priorities of \$0.779 million gross and \$0 net. Approval of the 2009 Recommended Operating Budget will result in the Program's staff complement increasing by 10 positions to 417.5 approved positions, providing service improvements.

- The 2010 Outlook includes an increase of \$0.077 million in net expenditures arising from merit and step increases less savings from one less working day in 2010.
- The 2011 Outlook includes a decrease of \$0.342 million in net expenditures as merit and step increases are offset by a reduction in the contribution to the Public Realm Reserve Fund as Toronto Building will have fully reimbursed funds used from the Reserve.
- The Outlooks for 2010 and 2011 do not include a provision for COLA as this change is subject to future negotiations.
- The 2009 Recommended Base Budget funds Toronto Building's key cost drivers including annualization of the Harmonization Appeal Award, merit and step increases and annualization of 2008 COLA that total \$1.977 million. These increases are offset by an increase in revenue from building permits and other building related fees that reflect both 100% cost recovery and annual inflationary fee increases to generate additional revenue of \$1.782 million in 2009.
- Two Recommended New/Enhance Service Priorities, totalling \$0.779 million gross, \$0 net, promote the objectives of Toronto Building in expanding service and access to information and addresses the Mayor's Mandate of making a Safe City Safer.
- The 2009 Recommended Operating Budget for Toronto Building expands the Program's service and provides funding for a broad range of priority actions for services and activities that advance the Mayor's Mandate and Council's policy agenda. These include:
 - Climate Change, Clean Air and Sustainable Energy Plan and a Greener City: \$0.100 million is provided in the 2009 Recommended Operating Budget to create and implement a Green Roof By-law as well as liaise with the province on changes to the energy and sustainability requirements of the Ontario Building Code;
 - A Clean, Green and Beautiful City: \$0.692 million is provided in the 2009 Recommended Operating Budget for Toronto Building to continue to work on creating a Harmonized Sign By-law and look at environmental considerations and opportunities;
 - Making a Safe City Safer: \$0.525 million is provided in the 2009 Recommended Operating Budget for the Program to ensure marijuana grow operation properties (MGO) are investigated and correctly remediated to a safe standard; and
 - Increased Access to Information and Efficiency at City Hall: \$0.254 million is provided in the 2009 Recommended Operating budget to provide an enhanced routine disclosure service that will allow the public to have increased access to information in a more efficient and timely manner.
- Toronto Building as stewards of Toronto's built environment ensures that construction, renovation and demolition of buildings achieve the provisions of the Building Code Act and other applicable law. The Program supports the understanding and application of Building regulations. The 2009 Recommended Operating Budget for Toronto Building will fund:
 - Increased capacity and improvement in average response times to meet legislated time frames for Building Inspections and Building Permission and Information:

- Complete applications will be processed in 10 days for small residential, 20 days for residential high rise and mixed residential projects and 30 days for projects of a more complex nature 85% of the time;
 - Mandatory inspections will be completed within 2 days of receiving the request 95% of the time; and
 - Emergency inspections will be completed within 1 day 100% of the time, and work without permits plus zoning and other inspections will be completed within 2 days and 5 days respectively, 95% of the time.
- Increased public access and speed to building records as requests for records will be responded to within 30 days 99% of the time;
 - Creation and implementation of the Green Roof By-law and completion of the Harmonized City-wide By-law;
 - Improved public safety by taking on a lead role in remediating properties impacted by marijuana grow operations;
 - Funding for a continuous learning environment and formal qualification of technical staff; and
 - Maintain ability to influence and respond effectively to new legislation and legislative amendments that affect development in the City.

Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

1. The 2009 Recommended Operating Budget for Toronto Building of \$45.068 million gross and (\$11.420) million net, comprised of the following services, be approved:

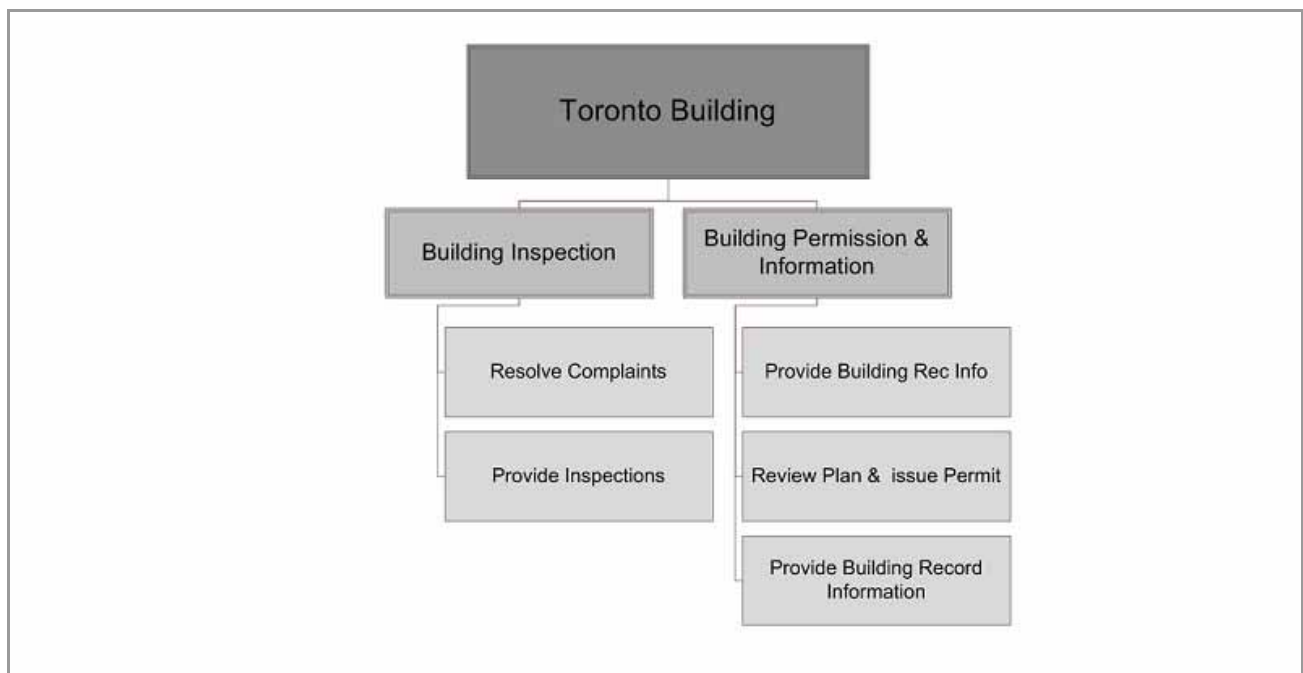
<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
Building Inspection	18,477.9	(4,682.2)
Building Permission & Information	26,590.2	(6,737.9)
	<hr/>	<hr/>
Total Program Budget	<u>45,068.1</u>	<u>(11,420.1)</u>

PART II: 3-YEAR SERVICE OVERVIEW AND PLAN

Toronto Building, as stewards of Toronto's built environment, ensures that the construction, renovation and demolition of buildings achieves the health, safety, accessibility, conservation and environmental provisions of the Building Code Act and other applicable law.

Toronto Building champions the understanding and application of Building regulations supporting innovation and influence the creation of safe building standards and requirements. Service is provided to members of the public, the development community, other City Divisions, Agencies, Boards, Commissions and the Council of the City of Toronto.

As indicated in the Program Map below, Toronto Building delivers 2 key services: Building Permissions and Information and Building Inspection.

Program Map**Service Challenges and Opportunities**

Given the recent market conditions, Toronto Building could face challenges in maximizing its revenue base to maintain full operating cost offset and accurately determined workload. Additionally, Toronto Building operates in an environment of frequent change in legislated requirements. Securing, developing and maintaining a workforce level necessary to deliver core services is a challenge and the use of new technologies provides opportunities to improve services. External and internal service drivers include:

- **Legislative Change**

Operating in an environment of frequent change in legislated requirements challenges Toronto Building's ability to deliver consistent and high quality services while responding to Legislative change and maintaining compliance with provincial regulations. The Ontario Building Code, the Building Code Act (BCA) and the Municipal Freedom of Information and Protection of Privacy Act (MFIPPA), require Toronto Building to meet specific service levels and building requirements. Toronto Building has an opportunity to lead change through influencing legislation and by-law development, specifically for green standards and signs.

- **Mayor and Council Priorities**

The Mayor's Mandate requires aggressive action in implementing the Climate Change, Clean Air and Sustainable Energy Action Plan. Council recently approved Toronto Building's framework for a Toronto Green Roof Construction Standard and has directed the Program to bring forward a By-law to govern construction of green roofs under the City of Toronto Act in early 2009. Further, City Council approved funding in 2007 for Toronto Building to accelerate the development and implementation of a Harmonized City-wide Sign By-law with an expectation of completion in 2009. Stage one was recently completed and presented to the Planning and Growth committee in December 2008. It has yet to be determined if either of these priorities will require more resources once by-laws are created, approved and implemented. Toronto Building will need to develop and implement response programs, resulting in the need for additional staff training and knowledge.

- **Service Demands**

Toronto Building experiences challenges in balancing a range of service priorities. Recently, the Program is responding to increased complaints respecting sign permits and enforcement and is challenged in meeting legislated time frames for the review of complete permit applications and mandatory inspections. By filling vacancies and optimizing IT technologies that support and enhance delivery, Toronto Building will be able to meet service demands and required response times.

- **Human Resources**

Securing, developing and maintaining the human resources necessary to deliver core services within legislated performance levels has been a challenge for Toronto Building. Toronto Building has been challenged to maintain complement due to wage harmonization, attrition and labour market conditions. The recent resolution of job harmonization will help Toronto Building attract qualified new staff and maintain current staff. A hiring plan has been developed and the Program is developing a succession management plan for intermediate and senior management positions.

Service Objectives

The service objectives for Toronto Building address the challenges and opportunities outlined above and primarily reflect the need to manage within a strong regulatory environment which governs

specific service levels and construction requirements. Ensuring that Building permissions and information and building inspection services meet or exceed regulations and legislation, reflects Toronto Building's commitment to excellent service. Further, Toronto Building's specific legislative objectives show commitment to the environment and the look of the City. Toronto Building's measurable service objective targets for 2009 and beyond as well as new regulation objectives are as follows:

- Increase and improve capacity to meet legislated time frames, specifically:
 - To increase the rate of processing complete applications within legislated time frames by 5% in 2009 to 85%, and to reach a 90% goal in 2010 and a 95% goal in 2011;
 - To increase the rate of responding to inspection requests within legislated time frames by 5% in 2009 to 95%, and to reach a 98% goal in 2010 and 2011;
 - To increase the rate of responding to complaint investigation requests by 5% in 2009 to 95% and to reach a 98% goal in 2010 and 2011; and
 - To provide and improve access to building records (FOI) by responding to all requests within required time frames. The goal is a 99% response rate within 30 days, where applicable. This will maximize information available through routine disclosure and minimize volume of MFIPPA requests.
- Propose new sign by-law for Council consideration and prepare implementation strategies;
- Implement green roof construction standards, if adopted by Council, as well as any further authorities to enhance energy and sustainability in new construction;
- Effective implementation and use of IT infrastructure and other means to improve operations, service delivery and access to information;
- Influence and respond effectively to new legislation and legislative amendments that affect the development in the City of Toronto; and
- Control costs and maximize revenue base to maintain the full operating cost offset.

Priority Actions

The 2009 Recommended Operating Budget for Toronto Building advances the following strategic priorities outlined in the Mayor's Mandate and Council's policy agenda.

- ***Climate Change, Clean Air and Sustainable Energy Action Plan***

The 2009 Recommended Operating Budget provides base funding of \$0.100 million for environmental initiatives to meet the City's Climate Change, Clean Air and Sustainable Energy Action Plan targets. The following highlights funding provided for these purposes:

Making Green Roofs Happen: On December 1, 2 and 3, 2008, Council was presented a report from Toronto Building which contained proposed Toronto Green Roof construction standards that would require green roofs on certain types of new buildings and regulate the design and construction of green roofs in Toronto. Council directed the Program to consult with affected stakeholders about the proposed approach to require and govern the construction of green roofs as outlined in the report, and report back to the next meeting of the Planning and Growth Management Committee with the results of the consultation and technical review as well as a draft by-law containing a green roof construction standard for implementation in 2009.

The Green Roof By-law will be an integral element in the implementation of the City's Climate Change and Clean Air Action Plan and in the implementation of the Toronto Green Standard (formerly the Toronto Green Development Standard). Toronto will be the only city in North America with a by-law that both requires green roofs and establishes the construction standards.

Toronto Green Standard: The current Building Code (2006 version) contains a new section 'Part 12 Resource Conservation' that includes provisions that increase the energy efficient design requirements for buildings seeking permits on and after January 1, 2012. The Action Plan for Climate Change recommended that requests are made to the Province to fast-track changes to the energy and sustainability requirements of the Ontario Building Code for buildings in Toronto. Toronto Building will lead this recommendation and is in ongoing discussions with the Province to seek authority to introduce these 2012 energy efficiency requirements sooner than 2012.

- ***Build on a Clean and Beautiful City Program***

City Council, at its meeting of December 11, 12 and 13, 2007 approved funding for Toronto Building to accelerate the development and implementation of a Harmonized City-wide Sign By-law. Toronto Building made a presentation to the Planning and Growth Committee on December 1, 2008 describing the progress made following the first stage of public and stakeholder consultation. The report recognized that there are substantive sign issues which affect the overall image of the City and vision for the future. By creating and implementing a Harmonized Sign-By law, Toronto Building will be able to develop regulations for signs that fit the context of where they are located, and thus allow Toronto's streets to have a more attractive look and feel. The 2009 Recommended Budget provides funding of \$0.692 million gross to develop a Harmonized Sign By-law and implementation strategy.

- ***Making a Safe city Safer***

The 2009 Recommended Operating Budget provides \$0.525 million gross, \$0 net new funding for 5 new positions to enforce Building Code Act regulations on marijuana grow operations (MGO). The Program will ensure that, where an unsafe order is issued, buildings used for this purpose will remain unoccupied until they are remediated and returned to a safe condition. The City will undertake work on behalf of property owners if they fail to do so within a specified timeframe. Any costs the City incurs to remediate MGO properties will be recovered directly from property owners or through property taxes. The result will be safer communities and housing.

- ***Increased Access to Information and Efficiency at City Hall***

An increase of 5 permanent positions for Toronto Building in 2009 dedicated to processing routine disclosure of plans will provide increased access to information to the public in a more efficient and

timely manner outside the City Clerk's MFIPPA program. The quality of service at City Hall and municipal offices will be improved. This enhanced service priority will require funding of \$0.254 million gross, \$0 net which is included in the 2009 Recommended Operating Budget.

The base budget also has funding of \$0.138 million gross for Toronto Building to provide for training and provincial qualification. The 2009 Capital Budget for PPFA includes funding of \$1.482 million for the implementation of IT enhancements such as remote computing and interactive voice response.

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.	39,348.1	42,152.5	40,902.5	(1,250.0)	(3.0)
REVENUES	51,759.5	53,572.6	53,572.6	0.0	0.0
NET EXP.	(12,411.4)	(11,420.1)	(12,670.1)	(1,250.0)	10.9
Approved Positions	371.5	407.5	372.5	(35.0)	(8.6)

Source: *Projected Actuals Based on the September 30, 2008 Variance Report.

2008 Experience

Toronto Building's Third Quarter Operating Budget Variance Report indicates a favourable variance of \$1.250 million net at year-end. This variance of \$1.250 million net is 10.9% below the 2008 Approved Operating Budget of (\$11.420) million. The forecasted favourable variance arises from savings in gross expenditures.

The 2008 gross expenditures for Toronto Building are projected at \$40.903 million, 3% or \$1.250 million below the 2008 Approved Operating Budget's gross expenditures of \$42.153 million. This under expenditure is due largely to hiring delays and vacancies.

Impact of 2008 Operating Variance on the 2009 Recommended Budget

Projected gross expenditure savings are not expected to continue in 2009, as Toronto Building intends to fill all vacant positions recommended in the 2009 Operating Budget due to more aggressive hiring after resolution of the Harmonization appeal.

The 2008 year-end net surplus will be deposited in the Building Code Service Improvements Reserve Fund as provided for in the Act.

PART IV: 2009 RECOMMENDED BASE BUDGET

Table 3: 2009 Recommended Base Budget

	2008 Appvd. Budget	2009 Recommended Base	Change 2009 Recommended Base v. 2008 Appvd. Budget		FY Incremental Outlook	
					2010	2011
(In \$000s)	\$	\$	\$	%	\$	\$
GROSS EXP.	42,152.5	44,289.1	2,136.6	5.1	(366.9)	(317.1)
REVENUE	53,572.6	55,709.2	2,136.6	4.0	(443.4)	25.0
NET EXP.	(11,420.1)	(11,420.1)	0.0	(0.0)	76.5	(342.1)
Approved Positions	407.5	407.5	0.0	0.0		
NET TARGET		(11,420.1)				
\$ Over / (Under) Program Target		0.0				
% Over / (Under) Program Target		0.0%				

2009 Recommended Base Budget

The 2009 Recommended Base Budget for Toronto Building is (\$11.420) million net and represents a 0% increase over Toronto Building's 2008 Approved Operating Budget, the 2009 target established for Toronto Building as the Program is 100% cost recovered. The 2009 Recommended Base Budget will remain at 407.5 approved positions and will maintain service levels offered in 2008.

The additional \$2.137 million gross expenditures recommended for the Program's Base Budget is needed to fund the annualization of the 2008 cost of living adjustment, the annualization of the Harmonization Appeal Award, merit and step increases, and an allowance for the 2009 cost of living adjustments as well as additional funding for the Sign-Bylaw harmonization.

The budgeted revenue for 2009 is \$2.137 million greater than in 2008, which will fully offset the increase in 2009 gross expenditures. This revenue increase is driven by an annual increase to building permits and other building related fees based on a Council approved fee structure that reflects both 100% cost recovery and an annual inflationary adjustment of 3.7%. Revenue from a proposed new fee and/or tax regime, anticipated once the new Harmonized City-wide Sign By-law is implemented, is also included.

2009 Key Cost Drivers and Reduction Strategies

The following is a summary of the key cost drivers and reduction strategies in 2009:

- Full year impact of 2008 COLA and Harmonization Appeal Award as well as merit and step increases totaling \$1.049 million gross offset by a savings in salaries and benefits from one less working day in 2009 and an adjustment of salary and benefits based on experience of \$0.354 million gross;
 - Allowance for 2009 cost of living adjustment given that Program is based on full cost recovery model by legislation; and
 - Reimbursement of the Public Realm Reserve Fund of \$0.400 million gross for funds used to develop a Harmonized Sign By-law.
- To alleviate some of this expenditure impact, the 2009 Recommended Base Budget incorporates the following incremental revenues:
 - An increase in revenue of \$1.782 million or 3.7% from an annual fee increase based on the Consumer Price Index (CPI) for the Toronto Census Area as at October 1, 2008 offset by a small decline in anticipated construction volume; and
 - Revenues of \$0.400 million from a new fee and/or tax regime to be implemented once the Harmonized City-wide Sign By-law is completed and implemented. This revenue will be used to reimburse the Public Realm Reserve Fund.

2010 and 2011 Outlook: Net Incremental Impact

The 2010 and 2011 Outlooks maintain the 2009 recommended level of service but do not include provisions for cost of living adjustments (COLA) as these increases are subject to future negotiations.

- The Outlook for 2010 has a net incremental cost increase of \$0.077 million for merit and step offset by savings from one less working day required in that year.
- The Outlook for 2011 has a net incremental cost reduction of \$0.342 million as Toronto Building will have reimbursed the Public Realm Reserve for the cost of the Sign By-law Harmonization project.

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 Routine Disclosure Program	254.0	0.0	5.0		
Sub-Total Enhanced Services	254.0	0.0	5.0	0.0	0.0
New Services:					
(a) New Services - Council Approved					
(b) New Services - Program Initiated Marijuana Grow Operations	525.0	0.0	5.0		
Sub-Total New Services	525.0	0.0	5.0	0.0	0.0
Total New/Enhanced Services	779.0	0.0	10.0	0.0	0.0

2009 Recommended New / Enhanced Service Priority Actions

Enhanced Service Priority Actions – Program Initiated

Routine Disclosure Program Increased Scope (\$0.315 million gross, \$0 net)

This enhanced service requires an increase of 5 permanent positions to Toronto Building in order to provide routine disclosure of Toronto Building Division records directly to the public in the most efficient manner. Currently, Toronto Building is meeting the response rate for MFIPPA applications at the expense of other responsibilities. The enhanced service priority funding would provide 5 new resources, in Toronto Building, to process routine disclosures outside of the MFIPPA program. A fee is being established for this service at a rate of \$65 per request as approved by City Council at its December 1, 2, and 3, 2008 meeting and will fully cover operating costs.

Through routine disclosure, the public will have increased access to information in a more efficient and timely manner. The estimated full year impact is \$0.315 million gross, \$0 net with 2009 cost of \$0.254 million gross, \$0 net (includes one-time cost component of \$0.025 million for equipment) and a 2010 incremental cost of \$0.061 million gross, \$0 net.

New Service Priority Actions – Program Initiated***Inspection of Marijuana Grow Operations (MGO's) (\$0.570 million gross, \$0 net)***

Marijuana Grow Operations have become a major issue in the City of Toronto. The City of Toronto Act (S.388.1) requires that, where the City Clerk is notified by a police force that a building located in the municipality contained a marijuana grow operation, the municipality must conduct an inspection within a reasonable time period. The City has had a protocol for dealing with this type of property. However, it has now been determined that Toronto Building should assume the lead role in responding to marijuana grow operations following police operations because of the authority under the Building Code Act (BCA) associated with the remediation of properties. Toronto Building will ensure that action on unsafe conditions has been taken. A fee for MGO Remediation is being established at a rate of \$5,000 per remediation permit, as approved by City Council on December 1, 2 and 3, 2008, and will fully cover operating costs.

This new service requires the creation of 5 permanent inspector positions and due to the sensitive nature of the work involved, a fleet of 5 vehicles to be employed for inspections of properties used for marijuana grow operations. The estimated full year impact for this is \$0.570 million gross, \$0 net with 2009 cost of \$0.525 million gross, \$0 net and a 2010 incremental cost of \$0.045 million gross, \$0 net.

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

The 2009 Recommended Operating Budget for Toronto Building is on target. The target set for Toronto Building represents a 0% increase over 2008 Approved Operating Budget given that the Building Code Act (BCA) stipulates that the total amount of authorized fees collected must not exceed that of anticipated reasonable costs to administer and enforce the BCA. Therefore, Toronto Building must present a balanced budget and will absorb a cost of living adjustment for 2009 and will not be requesting funds from the City with respect to the 2009 collective bargaining settlement.

Sign By-law Harmonization

Council directed that any funds expended by Toronto Building for the accelerated implementation of a Harmonized City-wide Sign By-law be paid back to the Public Realm Reserve Fund from proceeds generated by new tax and/or fee regime that would be applied to signs and/or billboards. Toronto Building is planning to reimburse the Public Realm Reserve Fund \$0.400 million in 2009 as the project is expected to be completed by mid-2009. Once the new by-law is enacted, a new fee and/or tax regime will be proposed for signs and a portion of the revenues will be used to reimburse the Public Realm Reserve Fund.

The original 3 year funding for the project was 2007: \$0.027 million, 2008: \$0.678 million and 2009: \$0.238 million. Due to start up delays, Toronto Building has rolled over \$0.454 million of unspent approved 2007 and 2008 funding into 2009 as it will be required for use to complete the project. The 2009 Recommend Operating Budget reflects this change and total funding remains the same at \$0.943 million.

Increased User Fees

An increase in building fees and permits to maintain the full cost recovery offset is included in the by-law for 2009. Under the Building Code Act (BCA), the total fees collected must not exceed that of anticipated reasonable costs to administer and enforce the BCA. Due to various cost drivers, the 2009 Recommended Operating Budget has an increase in gross operating expenditures. An increase in the fees for 2009 was necessary to maintain 100% cost recovery. Toronto Building's by-law states that in the absence of a Collective Agreement, the percentage increase in fees shall be the All Items Index of the Consumer Price Index (not seasonally adjusted) for the Toronto Census Metropolitan Area, published by Statistics Canada during the twelve-month period ending on October 1 in the year immediately preceding the rate increase. This is the basis for the 3.7% increase that has been applied to user fees for 2009.

Future Year Issues**Revenue Assumptions**

Toronto Building's 2009 budget has assumed a small volume decrease in the amount of user fee revenue to be generated based on known development projects and historical trends. On outstanding projects, there is residual money being owed for industrial, commercial and institutional buildings (ICI) and residential projects whose applications have been received but not issued. Toronto Building expects that approximately 40% of 2008 and earlier application fees will be collected in 2009. There are also large development projects anticipated to commence in 2009 on the Waterfront such as CORUS and George Brown as well as Woodbine commercial development. However, expected revenues for future years are less certain, especially with the current downturn in the economy and its expected duration.

Issues Referred to the 2009 Operating Budget Process**Construction and Demolition By-law: Technical and Fee Schedule Amendments**

City Council on December 1, 2 and 3, 2008 adopted the amendment to Chapter 363 of the Municipal Code to include fees to recover the costs of administrative work related to remediating former marijuana grow operation properties (MGO's) effective January 1, 2009 and public requests for the disclosure of plans and records effective April 1, 2009. The funding outlined in the report, in the amount of \$0.779 million gross, \$0 net for staff to conduct inspections of MGOs and to provide expanded routine disclosure was referred to the Budget Committee for consideration with the 2009 Operating Budget. New service priority funding of \$0.779 million has been provided in 2009 for the inspection of MGO's and disclosure expansion with sufficient projected revenue to recover costs.

Outstanding Issues from 2008 and Prior Years**Performance Targets**

Toronto Building is tracking slightly behind its target of 80% for permit application reviews due to its high number of staff vacancies. A hiring strategy is in place and along with some 2009 technological enhancements, such as Interactive Voice Response (IVR) and remote computing which will allow inspectors to report findings outside of the office, Toronto Building is expected to improve performance numbers in 2009.

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	406.5	41,830.8	53,572.6	(11,741.8)	0.0	0.0
In-year approvals and technical adjustments	1.0	77.5		77.5		
Corporate adjustments		244.2		244.2		
2008 Approved Operating Budget	407.5	42,152.5	53,572.6	(11,420.1)	0.0	0.0
Prior year impacts		1,111.5	354.4	757.1	(118.6)	(543.0)
Zero base items						
Economic factors		1,470.9		1,470.9	195.1	200.9
Adjusted Base Budget	407.5	44,734.9	53,927.0	(9,192.1)	76.5	(342.1)
Other base changes		(445.7)		(445.7)		
Base revenue changes			1,782.2	(1,782.2)		
Recommended Service Level Adjustments:						
Base changes						
Service efficiencies						
Revenue adjustments						
Minor service impact						
Major service impact						
Total Recommended Base Adjustments	0.0	(445.7)	1,782.2	(2,227.9)	0.0	0.0
2009 Recommended Base Budget	407.5	44,289.1	55,709.2	(11,420.1)	76.5	(342.1)
2009 Program Operating Target				(11,420.1)		
% Over (Under) Program Target				0.0%		
% Over (Under) 2008 Appvd. Budget				0.0%		

Appendix C

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

Appendix D

Program Summary by Expenditure Category

CLUSTER: B PROGRAM: TORONTO BUILDING							
	2008 Approved Budget	2008 Projected Actuals	2009 Recommended Budget	Change from 2008 Approved Budget		2010 Outlook	2011 Outlook
	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	36,613.5	35,639.4	38,942.4	2,328.9	6.4%	38,864.9	39,090.8
Materials and Supplies	937.8	857.0	218.4	(719.4)	(76.7%)	218.4	218.4
Equipment	342.2	309.0	301.8	(40.4)	(11.8%)	251.8	251.8
Services & Rents	1,407.9	1,129.2	1,609.1	201.2	14.3%	1,296.7	1,296.7
Contributions to Capital	0.0	0.0	70.0	70.0	n/a	0.0	0.0
Contributions to Reserve/Res Funds	2,661.5	2,661.5	3,608.3	946.8	35.6%	3,751.3	3,208.3
Other Expenditures	83.2	200.0	83.2	(0.0)	(0.0%)	83.2	83.2
Interdivisional Charges	106.4	106.4	234.8	128.4	120.7%	234.8	234.8
TOTAL GROSS EXPENDITURES	42,152.5	40,902.5	45,068.1	2,915.6	6.9%	44,701.1	44,384.0
User Fees & Donations	1,497.2	1,497.2	2,204.6	707.4	47.2%	2,310.6	2,335.6
Contribution from Reserve Funds	738.0	738.0	692.4	(45.6)	(6.2%)	0.0	0.0
Licenses & Permits	51,337.4	51,337.4	53,591.1	2,253.7	4.4%	53,734.1	53,734.1
TOTAL REVENUE	53,572.6	53,572.6	56,488.1	2,915.5	5.4%	56,044.7	56,069.7
TOTAL NET EXPENDITURES	(11,420.1)	(12,670.1)	(11,420.1)	0.0	0.0%	(11,343.6)	(11,685.7)
APPROVED POSITIONS	407.5	372.5	417.5	10.0	2.5%	417.5	417.5

Appendix E

Inflows / Outflows to / from Reserves & Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Balance as of	Proposed Withdrawals (-) / Contributions (+)		
		December			
		2008	2009	2010	2011
		\$	\$	\$	\$
Building Code Act Serv Improvement	XR1305	10,115.5	2,606.7	2,606.7	2,606.7
Insurance Reserve Fund	XR1010	27,774.8	561.5	561.5	561.5
Public Realm Reserve Fund	XR1410	23,703.3	(292.4)	543.0	0.0
Vehicle and Equipment Reserve	TBD	0.0	40.0	40.0	40.0
Total Reserve / Reserve Fund Draws / Contributions			2,915.8	3,751.2	3,208.2