

# Analyst Briefing Notes

## Budget Committee

(January 28, 2008)

### 2008 OPERATING BUDGET

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**2008 OPERATING BUDGET****Executive Summary**

- The 2007 projected year-end net expenditure of \$228.945 million is \$1.500 million or 0.7% above the 2007 Approved Budget of \$227.445 million net. This unfavourable variance is largely attributable to unachievable revenue targets (for concessions, advertising and rent) and seasonal staff benefit costs and overtime costs in excess of budget. These impacts have been partially mitigated by Program-initiated measures such as the reduction of under-utilized programming; a spending freeze on discretionary materials, supplies and equipment expenditures; monthly monitoring of overtime and labour distribution reports; and, increased controls on facility maintenance requests.
  - Favourable variance in approved positions arose largely from inability to hire arbourist crews and resulting use of contact crews, with no net savings.
  - Unachievable revenue targets in concessions, advertising and rent continued to contribute to overall variance.
  - \$1.660 million of cost containment savings were achieved, including 14 positions held.
  - Cost containment of \$0.640 million to complete implementation of watercourse and ravine maintenance is recommended to continue in 2008.
- The 3-Year Operating Budget is derived, in part, from the Program's Strategic Plan, *Our Common Grounds*, as well as a number of Council-approved reports including *Parks & Recreation Service Improvement Priorities* and *Clean & Beautiful City*. While the Program's mission is to bring all of Toronto's diverse communities together on a common ground through the provision of a wide variety of leisure and recreational opportunities. In achieving this mission, it faces significant challenges, including:
  - **Social Challenges:** changing demographics in both the community and in its work force specifically, conflicting community demands for the use of facilities and spaces, and challenges of child poverty and limited youth engagement.
  - **Environmental Challenges:** Forestry Service issues such as invasive pest species, the impacts of storms in both natural areas and streets and parks, and the objective to increase the tree canopy.
  - **Financial Challenges:** aging assets and infrastructure, demand for new facilities and programs, increased costs levied by other public agencies, as the school boards, and the completion of harmonization of services and staff positions.
- The 2008 Recommended Operating Budget for Parks, Forestry and Recreation is \$322,388 million gross and \$ 235,494 million net which is 3.5% or \$8.050 million over the Program's

2007 Approved Operating Budget, and includes increased level of service in Forestry and the operation of new facilities and parklands.

**Table 1: 2008 Recommended Budget**

(In \$000s)	2007		2008 Recommended Operating Budget			Change - 2008 Recommended from 2007 Approved Budget		FY Incremental Outlook	
	2007 Approved Budget	2007 Projected Actual	2008 Base	2008 New /Enhanced	2008 Operating Budget			2009	2010
	\$	\$	\$	\$	\$			\$	\$
<b>GROSS EXP.</b>	304,994.4	304,452.6	318,802.9	3,585.1	322,388.0	17,393.6	5.7	4,028.6	1,876.8
<b>REVENUE</b>	77,549.7	77,549.7	84,153.0	2,740.8	86,893.8	9,344.1	12.0	2,705.3	
<b>NET EXP.</b>	227,444.7	226,903.0	234,649.9	844.3	235,494.2	8,049.5	3.5	1,323.3	1,876.8
<b>Approved Positions</b>	4,122.3	3,843.6	4,178.9	7.5	4,186.4	64.1	1.6	21.1	
<b>TARGET</b>			<b>227,444.7</b>		<b>227,444.7</b>				
<b>\$ Over / (Under) Program Target</b>			<b>7,205.2</b>		<b>8,049.5</b>				
<b>% Over / (Under) Program Target</b>			<b>3.2%</b>		<b>3.5%</b>				

- The 2008 Recommended Operating Budget for Parks, Forestry and Recreation (PF&R) is \$235.494 million net. This is comprised of base funding of \$318,803 gross and \$234.650 million net and new/enhanced service priorities of \$3.585 million gross and \$0.844 million net. Approval of the 2008 Recommended Operating Budget will result in the Program’s staff complement increasing from 4,178.9 to 4,186.4 approved positions.
  - The 2009 Outlook anticipates a net increase of \$1.323 million in operating costs which includes merit and step adjustments to staff compensation, initial estimates for the full year impacts of new parkland and facilities first operated in 2008, and fee increases and new services initiated in 2008. It also includes an additional \$0.368 million for the use of TDSB pools, as the increased costs are spread over 4 years.
  - The 2010 Outlook includes the third year of increased costs for the use of TDSB pools as well as a projection for merit and step adjustments to staff compensation.
- The 2008 Recommended Base Budget is \$234.650 million net or 3.2% over the 2008 target. The base budget incorporates the Program’s key cost drivers including:
  - operating impacts of new facilities and parkland of 3.245 million;
  - COLA at an average of 2.44%, and other collective agreement and labour related non discretionary increases totalling \$8.844 million;
  - other base budget increases of \$2.189 million;
  - increased payment to TDSB for pools to begin a four year process to provide full cost recovery;

- offsetting reductions including service adjustments totalling \$1.377 million;
  - revenue adjustments for the increased use of the Welcome Policy, offset by an adjustment of recreation and permit fees for a 3% inflationary factor, totalling \$0.673 million net; and
  - various revenue increases, including the percentage of cost recovery for recreation and permit fees totalling \$6.824 million.
- The Recommended New / Enhanced Service Priorities, totalling \$3,585 million gross and \$0,844 million net, promote the objectives of the Program in improving the delivery of Recreation programs, and addressing Council's priorities to support the urban forest. They include:
    - Improving tree maintenance on arterial / main streets and in commercial areas;
    - Improving tree maintenance and reducing hazards in ravine areas;
    - Improving access to recreation registrations by implementing a new CLASS module supporting universal on-line and touch-tone access;
    - Initiating support for the new Dogs Off-Leash Strategy in urban Parks; and
    - Contributing to cost recovery by adding a site inspection fee in the provision of services relating to tree removal
- The Program faces a number of future challenges.
    - Unfavourable Revenue Variances – Although improving, the Program has had chronic difficulty in meeting its revenue budget.
    - Expenditure Growth – The Program's Operating Budget has grown, on average, by more than \$10 million annually since 2003. This rate of growth is not sustainable, yet the Program may be challenged to maintain current service levels without additional funding.
    - Maintaining aging facilities and keeping activities within them relevant to Toronto's changing communities.
    - Maintaining the urban forest under increasingly unpredictable natural conditions.
    - Ensuring staff and participant safety and security in community facilities.
    - Developing new approaches to recreation access policies which ensure equitable access for all.
    - Future Impacts – The incremental pressure produced by future Waterfront projects as well as the Program's own 5-Year Capital Plan, *Service Priorities* and other reports is considerable.

- The 2008 Recommended Operating Budget for Parks, Forestry and Recreation provides for the 1,473 named parks, 7,390 hectares of green space and more than three million trees on streets and in ravines, parks and natural areas. A wide range of recreation and leisure programs, services and facilities for people of all ages and abilities, promoting active healthy life styles are provided. More than 60,228 recreation programs are offered, 800 community groups are served and 7.6 million participant visits to sites and facilities are made.
- Every year there are increased numbers of facilities to operate and parks and natural areas to maintain in neighbourhoods and on the waterfront. Also, specifically in this budget, new services include:
  - The annual provision of tree maintenance on 2,300 trees on arterial / main streets and in commercial areas (\$0.705 million gross, \$0 net);
  - Removal of tree hazards on pathways, picnic areas and park entrances (\$0.705 million gross and net); and
  - Support to the implementation of the Dogs Off-Leash Strategy (\$0.150 million gross and net).

**Recommendations**

The City Manager and Chief Financial Officer recommend that:

1. the 2008 Recommended Operating Budget for Parks, Forestry and Recreation of \$322.388 million gross and \$235.494 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Parks	74,784.2	70,652.2
Community Recreation	106,996.3	55,038.1
Urban Forestry	31,049.7	25,223.7
Strategic Services	18,470.5	(2,270.9)
Development & Infrastructure Management	78,730.3	74,831.8
Divisional Coordination & Community Engagement	2,751.4	2,747.4
Management Services	9,605.7	9,272.0
	<hr/>	<hr/>
Total Program Budget	<u>322,388.0</u>	<u>235,494.2</u>

## Section A: 2007 Budget Variance Analysis

**Table 2: 2007 Budget Variance Review**

(In \$000s)	2006 Actuals	2007 Approved Budget	2007 Projected Actuals*	2007 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	%
<b>GROSS EXP.</b>	292,178.8	304,994.4	304,452.6	(541.7)	(0.2)
<b>REVENUES</b>	72,481.5	77,549.7	75,508.0	(2,041.7)	(2.6)
<b>NET EXP.</b>	219,697.3	227,444.7	228,944.6	1,499.9	0.7
<b>Approved Positions</b>	4,023.0	4,122.3	3,843.6	(278.7)	(6.8)

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

### 2007 Experience

Parks, Forestry & Recreation's Third Quarter Operating Variance report for 2007 indicates projected actual year-end expenditures of \$228.945 million net. This represents an unfavourable variance of \$1.500 million or 0.7% of the Program's 2007 Approved Operating Budget of \$227.445 million net.

This unfavourable year-end variance already accounts for \$1.660 million in savings from cost containment measures implemented from September to December 2007, including early layoffs of seasonal staff at golf courses, the Toronto Islands and parks; deferral of parks, ravine and watercourse maintenance; and deferral of new community engagement and access and diversity programming.

Without the cost containment savings, the Program's year-end projection would have been an unfavourable net expenditure variance of \$3.000 million or 1.4% of the 2007 Approved Operating Budget.

- The pre-cost containment unfavourable variance projection is a result of \$7.500 million in budget pressures, as follows:
  - unachievable revenue targets (for concessions, advertising and rent);
  - Local 416 seasonal benefit costs;
  - overtime costs; and,
  - historical variances from unrealized budget savings dating back to 2001-2002.

- However, these 2007 budget pressures will be partially offset by \$4.500 million in savings from expenditure mitigation strategies (separate from the City’s cost containment exercise), including:
  - reduced programming in under-utilized programs;
  - a spending freeze on discretionary materials, supplies and equipment expenditures;
  - monthly monitoring of overtime and labour distribution reports; and
  - increased controls on interdivisional service requests.
  
- The favourable variance on Approved Positions arose primarily from the inability to hire arbourists for Forestry crews in a very tight market. As a result, contract crews have been engaged to provide the work force to a greater extent than planned in the 2007 budget. Also, 14 positions were not filled as a result of cost containment service level adjustments shown in the table below.

**2007 Cost Containment Savings**

- As discussed above in the 2007 operating budget variance analysis, Parks, Forestry and Recreation expects to achieve \$1.660 million in savings from cost containment measures implemented, as itemized in the table below.

Net Cost Containment Savings	2007 (\$000s) Savings	2008 (\$000s) Continued Savings	Comments
<b>Hiring Freeze Savings:</b> None			
<b>Service Level Adjustments:</b>			
Golf Courses - 1 week early layoff of temporary staff	(58.1)		Not recommended for continuation in 2008
Toronto Islands - 2 week early layoff of temporary staff	(58.1)		Not recommended for continuation in 2008
Parks Operations - 1 week reduction in season	(600.0)		Not recommended for continuation in 2008
Ravine and Watercourse Maintenance - Delay hiring crews until October 1, 2007 and defer hiring of Park Rangers to 2008	(700.0)	(640.0)	Variation proposed as a reduction option for 2008 (See Appendix 2, PR-Z10)
Defer 400 tree plantings	(12.0)		Not recommended for continuation in 2008
Outdoor Artificial Ice Rinks - Delay opening of all 40 rinks (except for civic centres and Nathan Phillips Square) until January 2008	(160.0)		Rinks were opened, service was provided and savings achieved through a donation from Master Card.
Community Centres - Close on Mondays	(45.0)		Reversed by Council at end of September 2007
<b>Sub-total</b>	<b>(1,633.2)</b>	<b>(640.0)</b>	
<b>Discretionary Savings:</b>			
Deferred/Cancelled Conferences	(2.1)		
Deferred/Cancelled Seminars	(1.3)		
Deferred/Cancelled Advertising and Production of Print Materials	(2.3)		
Miscellaneous	(21.5)		
<b>Sub-total</b>	<b>(27.2)</b>	<b>0.0</b>	
<b>TOTAL COST CONTAINMENT</b>	<b>(1,660.4)</b>	<b>(640.0)</b>	



**Impact of 2007 Operating Variance on the 2008 Recommended Budget**

The following factors which contributed to Parks, Forestry and Recreation's projected 2007 operating budget variance will also impact the Program's 2008 Operating Budget:

- Non-permanent staff (seasonal) benefit costs;
- overtime costs; and
- historical variances from unrealized budget savings in prior years.

## Section B: 2008 Operating Budget Overview

### 3-Year Operating Budget Overview

Parks, Forestry and Recreation's 3-Year Operating Budget is directed, in part, by the Program's Strategic Plan, *Our Common Grounds*, as well as a number of Council-approved reports including *Parks & Recreation Service Improvement Priorities* and *Clean & Beautiful City*. The program's Service Plan focuses these directions and provides the basis for its 3-Year Operating Budget.

The Parks, Forestry and Recreation mission is:

Parks, Forestry and Recreation brings together all of Toronto's diverse communities on a common ground. We provide a wide variety of leisure and recreational opportunities that include all Toronto residents. In our centres, parks and playing fields, we encourage communities to help themselves, and aid Torontonians to become the best they can be. We measure our success by quality, satisfaction and community development outcomes. Our parks, playing fields and recreation centres and amenities along with our trails, forests, meadows, marshes, and ravines, will be beautiful, clean, safe, and accessible, meeting all our communities' needs.

To fulfill this mission, the Program provides the following services:

SERVICE	PURPOSE
Parks	Provide clean, safe and well-maintained green space and park amenities for passive and permit use, and promote ways horticulture can enhance urban aesthetics.
Community Recreation	Deliver recreation programs and services in a user-driven, high quality, accessible, equitable and innovative manner. Programs and services are responsive to the needs and interests of diverse communities while meeting city-wide standards.
Urban Forestry	Sustain and enhance the urban forest through planting of new trees, protection and maintenance existing resources, and planning policy for the future.
Strategic Services	Oversee the operation of ferry services and the City's public golf courses. The program also supports partnership development, strategic planning and business services.
Parks Development and Infrastructure Management	Ensure that all facilities are operated to provide a safe, clean and efficient environment for all users and staff. Service includes planning, developing, maintaining and supervising facilities and assets.
Management Services	Provide financial planning and reporting, accounting, staff support, administrative support, health and safety compliance and labour relations services to the Division.

- PF&R's 3-Year Operating Budget continues to focus on the following high level strategic priorities:
  - Setting and consistently achieving uniform service standards across the City of Toronto;
  - Contributing to the *Clean and Beautiful City* initiative through the Parks and Trees Renaissance Program, with a long term focus on increasing the Urban Forest Canopy;
  - Strengthening at-risk neighbourhoods by improving services and engaging youth in high needs communities;
  - Advancing the diversity of and accessibility to, recreational programming.
  - Contributing to the development and maintenance of parkland and recreational infrastructure along the waterfront; and
  - Improving Health & Safety training and compliance, instituting a Divisional Safety and Security Plan.
  
- The 2008 Recommended Operating Budget for Parks, Forestry and Recreation is \$235.494 million. This is \$8.050 million (3.5%) over the Program's 2008 target of \$227.445 million. The Recommended Budget incorporates increases in base expenditure and attempts to offset their impact through feasible reduction options and revenue increases to sustain service levels.
  - Parks, Forestry and Recreation's 2008 Recommended Operating Budget will add 64.1 additional positions to the Program. Of these positions, 70% or 44.9 positions arise from operating impacts of P F & R capital projects, new Waterfront Parks, and parkland provided through Section 37 agreements. Only 7.5 positions are required to deliver other new and enhanced services recommended for 2008. These include improved Forestry services and the Dogs Off-Leash Strategy. Approval of the 2008 Recommended Operating Budget will increase the Program's staffing complement from 4,122.3 to 4,186.4 approved positions.
  - For 2008, salary, wage and benefit impacts alone account for an incremental net pressure of \$8.825 million net. This includes cost-of-living adjustments of \$8.737 million and net merit/step increases of \$0.087 million .
  - The 2008 Recommended Operating Budget also incorporates a number of other base budget annualizations that are non-discretionary. Additional costs of \$0.342 million net arise mostly from collective agreements and other labour-related matters and from legislated activity such as health and safety compliance and asbestos management.
  - To help mitigate the impact of its rising base costs, the 2008 Recommended Operating Budget for Parks, Forestry and Recreation includes a number of efficiency proposals as well as service and revenue adjustments. These recommended changes produce net savings of \$9.017 million. .

- The PF&R operating outlook includes an increase of \$1.323 million in net expenditure in the base budget in 2009, driven significantly by operating impacts of new parkland and facilities, forecast merit and step increases, and phased increases in payments to the TDSB for pool usage. For 2010, a net increase of \$1.877 million is forecast and driven by the same factors as 2009, although the operating impact of new facilities is not yet available.
- The Program will continue to face mounting base pressures including rising salary, utility and other costs, as well as the operating impacts of new facilities and parkland. In the absence of incremental revenues, service efficiencies and/or major cost cutting measures, PF&R will be challenged to meet the City’s affordability targets for 2009 and beyond.
- In the future, Parks Forestry and Recreation will continue to require additional funding for Council’s Strategic Priorities in such areas as urban forestry, recreation and parkland improvements.

**Challenges and Issues**

Key challenges for Parks, Forestry and Recreation are as follows:

SERVICE	CHALLENGE
Urban Forestry	Funding level results in service delays, the aging urban forest creates increasing demands for preventive care while the tree service backlog grows, creating non-compliance with legislation, and Council approved initiatives and increased City liability.
Community Recreation	The cost structure for delivering recreation programs is complex and capital intensive. The low cost recovery levels inhibit program development. The mix of free and fee based programs and current access policies require meticulous service planning to mitigate the financial pressures of service delivery.
Parks	Implementation of the Dogs and People in Parks Strategy is a contentious issue with the public. This Strategy will be difficult to deliver in the context of minimal available resources for education and enforcement. The demand for expanded winter maintenance continues to grow.
All services	Climate change will impact all services as the impacts of severe weather, changes in the shoulder seasons, smog days, affect a wide variety of service delivery activities in the outdoors.
All services	PF&R Operations have not been fully harmonized after amalgamation. Although the program now works on a functional model, there are many positions which are undergoing changes in '07-'08 to be consistent with the new model. This will occur within the current budget, but there are financial pressures and issues to be addressed. Facility operations are also not yet harmonized with a mixture of services provided by the Facilities and Real Estate Division, contracted services and PF&R staff.

## Strategic Priorities

The 2008 Recommended Operating Budget for Parks, Forestry and Recreation advances the following strategic priorities outlined in City Council's policy agenda:

- ***Implementation of a Ravine Improvement Team that will Clean, Beautify, and Improve Access and Stewardship to Toronto's Ravines:***

Despite a partial reduction, the PF&R 2008 Recommended Budget includes \$0.500 million for ravine and watercourse maintenance. These funds, together with \$0.233 million from Toronto Water, will allow for the establishment of 4 ravine maintenance crews who will remove waste and debris from 84 sites identified as "hot spots" which pose a health and safety risk. The Park Ranger Prevention Program will form a component of the maintenance program by supporting by-law enforcement with a focus on educating park users on the impact of illegal dumping.

- ***Make Toronto Greener by Improving Tree Management and Care:***

The Parks, Forestry and Recreation 2008 Recommended Operating Budget includes several increases in funding for tree Management and care. Total funding in 2008 is \$2.315 million with additional 2009 full year impacts of \$1.074 million.

- \$0.700 million is included for the augmented **maintenance of trees on arterial / main streets and commercial areas**, to be funded from the Public Realm Reserve Fund. This funding will facilitate general trees maintenance in areas which do not presently have targeted tree maintenance. Improved coordination with Business Improvement Areas, City Technical Services staff and various public utilities will support capital projects which include the planting of new trees.
- \$0.705 million of new funding is included for **Tree Hazard Abatement in Ravines**, which will include a three staff to inspect ravine trees to and arrange for arborist crews to remove hazards. The full year impact of this will require an additional \$0.682 million in 2009.
- \$0.684 million of new funding is included for the **Maintenance of Newly Planted Trees**, with an additional \$0.166 million for the full year impact in 2009, arising from the Operating budget impact of the Capital Budget program for tree planting.
- \$0.226 million of new funding is included in 2008 for the **Maintenance of Natural Area Trees**, with an additional \$0.226 million for the full year impact in 2009, arising from the Operating Budget impact of the Capital Budget for planting in natural areas.

Parks Forestry & Recreation's program driven priorities include:

- ***Improve Cost Recovery in Community Recreation***

The Parks, Forestry and Recreation 2008 Recommended Operating Budget includes proposals to increase the percentage of direct costs for registered recreation activities and the use of recreation facilities on a permit basis to approximately 35 % over two years. Even with this increase, Toronto's percentage of direct costs recovered through fees will be lower than other

Ontario cities, generally. This recommendation will increase revenues from Recreation and the permitted use of facilities by \$5.714 million in 2008 and \$1.900 million in 2009.

- ***Operational Challenges – Harmonization and Staff Demographics***

Parks Forestry and Recreation has a number of ongoing projects to improve service delivery at all levels through completion of the conversion from the District to the Functional model. Although there may be financial impacts from some of these efforts, they will be managed within current resources.

- ***Dogs Off-Leash Strategy***

Three additional full time staff – 2 By-Law Officers and a Community Development Officer are recommended to support the implementation of the Dogs and People in Parks Strategy.

**Section C: 2008 Recommended Base Budget**

**Table 3: 2008 Recommended Base Budget**

(In \$000s)	2007 Approved. Budget	2008 Recommended Base	Change 2008 Recommended Base vs. 2007 Approved Budget		FY Incremental Outlook	
					2009	2010
	\$	\$	\$	%	\$	\$
<b>GROSS EXP.</b>	304,994.4	318,802.9	13,808.5	4.5	3,153.2	1,876.8
<b>REVENUE</b>	77,549.7	84,153.0	6,603.3	8.5	2,691.6	
<b>NET EXP.</b>	227,444.7	234,649.9	7,205.2	3.2	461.6	1,876.8
<b>Approved Positions</b>	4,122.3	4,178.9	56.6	1.4	20.9	
<b>NET TARGET</b>		<b>227,444.7</b>			<b>0.0</b>	<b>0.0</b>
<b>\$ Over / (Under) Program Target</b>		<b>7,205.2</b>			<b>461.6</b>	<b>1,876.8</b>
<b>% Over / (Under) Program Target</b>		<b>3.2%</b>			<b>0.2%</b>	<b>0.8%</b>

**2008 Recommended Base Budget**

- The 2008 Recommended Base Budget of \$234.650 million net represents a \$7.205 million (3.2%) increase over Parks, Forestry and Recreation’s 2007 Approved Operating Budget, which is the Program’s 2008 target. The 2008 Recommended Base Budget will largely serve to maintain service levels offered in 2007, as well as support the operating impacts of new facilities and parkland.
- Cost-of-living adjustments (COLA) that average 2.44% for 2008 are non-discretionary outlays that comprise \$7.021 million of the recommended gross expenditure increase of \$13.819 million.
- Budgeted revenue for 2008 is \$6.603 million greater than in 2007. However, the 2007 Recommended Base Budget does not account for the underachievement of revenue in areas such as marine services, golf and concessions.
- The 2008 Recommended Base Budget includes 4,178.9 approved positions. This is 56.6 positions more than the approved staff complement in 2007. 44.9 of these additional positions arise from the operating impact of new facilities and parklands coming on stream as a result of the PF & R Capital Budget, Section 37 agreements and Waterfront Toronto developments.

**2008 Key Cost Drivers and Reduction Strategies**

- The additional \$7.205 million in net expenditures recommended for the Program's 2008 Base Budget is needed to fund the annualized cost of 2007 approved new services, merit and step increases, union settlements and wage increases for exempt staff, non-labour inflation factors, operating impacts of new facilities and parkland, as well as other base changes, such as higher interdivisional charges and an increase in the fees paid for the use of Toronto District School Board (TDSB) pools.
- To alleviate some of this expenditure impact, the 2008 Recommended Base Budget incorporates, among others, the following incremental revenues:
  - Increased user fees for parks special events (\$0.100 million);
  - Increased user fees for requests under the Private Tree By-Law (\$0.140 million);
  - Increased ferry fees (\$0.240 million);
  - Uniform application of the administration fee for changes to recreation registrations (\$0.330 million);
  - Increased parking fees at waterfront parks and an expansion of the number of sites at which such parking will be available (\$0.300 million); and,
  - Increased recreation and facilities permit fees are increased from 30% to achieve 34% of direct cost recovery in 2008 and 35% in 2009. The financial impact of increased recreation fees is \$3.665 million in 2008 and \$1.222 million in 2009. Permit fee increases will generate an additional \$2.049 million in 2008 and \$0.678 million in 2009. In total, increased revenue of \$5.714 in 2008 and an additional \$1.900 million in 2009 will be generated.
- The 2008 Recommended Base Budget includes the following service efficiencies, which generate aggregate savings of \$1.377 million net:
  - Further phasing of the Waste Diversion Strategy, for a savings of \$0.075 million;
  - Reduction in year-round ferry schedules to two shifts, for a savings of \$0.060 million;
  - The closure of two low-usage outdoor pools (York Mills and Stanley Park), for a savings of \$0.096 million;
  - The relocation of programming from 4 TDBS pools (AY Jackson, Bob Abate, GA Brown, SH Armstrong), for a savings of \$0.291 million;
  - The cancellation of two new community services approved in 2007 which were never implemented due to cost containment (Intercultural Youth and Diversity Outreach and Community Engagement), for a savings of \$0.187 million; and,
  - A reduction in the new service, approved in 2007, for ravine and watercourse maintenance, for a savings of \$0.640 million.



- To further constrain the growth of the base budget, the Program will forgo \$1.028 million in allowable inflation factor increases.

**2009 and 2010 Outlook: Net Incremental Impact**

The following pressures which emanate from the 2008 Recommended Operating Budget for Parks, Forestry and Recreation will have a net incremental impact on the Program's 2009 Operating Budget:

- Annualizations in 2009 of operating impacts of new facilities and parklands (\$1.498 million); and
- 2009 and 2010 Outlook projected increases for merit and step of \$1.500 million each year;

These pressures are significantly offset by the full year impact of some the efficiencies and revenue adjustments included in the 2008 Recommended Operating Budget, for additional savings of \$2.781 million. The Outlook for the 2009 Operating Budget is \$0.462 million net, a 0.2% increase over the 2008 Recommended Base Budget.

The 2010 Outlook of \$1.877 million is comprised of an estimate for merit and step of \$1.5 million and \$0.377 million for the third year of the scheduled four year process of bringing the payments for use of the TDSB pools to full costs recovery for the Board.

It should be noted that the outlooks do not include a provision for COLA, as this increase is subject to future negotiations.

The 2009 and 2010 Outlooks also do not take into account a number of anticipated pressures, such as the operating impacts of new waterfront capital projects, that the Program will be obligated to service.

### Section D: 2008 Recommended Service Priorities

**Table 4: Summary of 2008 New / Enhanced Service Priorities (In \$000s)**

Priority	Description	2008 Recommended		Rec. New Positions	Net Incremental Impact	
		Gross Exp.	Net Exp.		2009	2010
		\$	\$	#	\$	\$
(a) Enhanced Service Priorities - Council Approved:	Tree Maintenance on Arterial / Main Streets and Commercial Areas	700.0		1.0		
(b) Enhanced Service Priorities - Program Initiated:	Welcome Policy - Class Subsidy Management Module	2,000.0				
	12 Week Fitness Program - NY Pilot	30.4		0.5		
	New Private Tree Bylaw Site Visit Fee		(10.4)		(3.5)	
<b>Sub-Total Enhanced Services</b>		<b>2,730.4</b>	<b>(10.4)</b>	<b>1.5</b>	<b>(3.5)</b>	<b>0.0</b>
(a) New Service Priorities - Council Approved:	Dogs Off-Leash Strategy - By-Law Enforcement	150.0	150.0	3.0	183.0	
	Tree Hazard Abatement in Ravines	704.7	704.7	3.0	682.2	
(b) New Service Priorities - Program Initiated:						
<b>Sub-Total New Service Priorities</b>		<b>854.7</b>	<b>854.7</b>	<b>6.0</b>	<b>865.2</b>	<b>0.0</b>
<b>Total Recommended New / Enhanced Service Priorities</b>		<b>3,585.1</b>	<b>844.3</b>	<b>7.5</b>	<b>861.7</b>	<b>0.0</b>

#### Recommended Enhanced Service Priorities – Council Approved:

*Tree Maintenance on Arterial / Main Streets and Commercial Areas* (\$0.700 million gross, \$0 net)

Trees are often planted on arterial streets and in commercial districts to enhance and beautify the area. However, when insufficient resources prevent the ongoing maintenance of hundreds of street trees, they become eyesores and create hazards. Trees should be regarded as an integral and important part of creating appealing business and restaurant districts that attract investors and tourists. The PF&R 2008 Recommended Operating Budget includes \$0.700 million for the augmented maintenance of trees on arterial / main streets and in and commercial areas, to be funded from the Public Realm Reserve Fund. This funding will facilitate the general maintenance and replacement of

2,300 trees and/or tree pit covers annually in these areas, as well as improve coordination with Business Improvement Areas, Transportation Services' road improvement projects and public utility projects.

**Recommended Enhanced Service Priorities – Program Initiated:*****Welcome Policy – Class Subsidy Management Module (\$2.000 million gross, \$0 net)***

A new module of the recreation program registration system, CLASS, will be implemented prior to fall 2008 registration to provide Welcome Policy participants with the ability to register through touch-tone phone or internet, the same access as other citizens. Currently the Welcome Policy is budgeted as a revenue target reduction. This represents a change in accounting treatment whereby a subsidy budget will be offset by welcome policy registrations, which will be made possible through use of the module. This item represents the annual amount of this change and does not represent cash revenues or expenditures. The new system will provide equal access to all participants and will allow all participants utilize what is the most efficient mode of registration for the program.

***12-Week Fitness Program – North District Pilot (\$0.030 million gross, \$0 net)***

The PF&R 2008 Recommended Operating Budget includes an initiative, 100% self-funded by user fees, to extend the duration of fitness and wellness programs in the north District to run 12 weeks per season in the fall, winter and spring, and 9 weeks in the summer. This will increase the number of weeks of available fitness programming in the North District to 45 weeks a year. An additional hourly staff totaling 0.5 approved positions will be required to support this self sustaining initiative.

***Add New Private Tree By-Law Site Visit Fee (\$0 gross, \$ 0.010 net revenue)***

The Private Tree By-Law provides for the protection of City-owned street trees and trees on private property. Under the By-Law application must be made to remove any tree over a specified size. A fee of \$100 per tree is charged for such reviews, which generally can be completed without a site visit. It is recommended that an additional \$50 fee be charged per site visit, when required. All fees related to the Private Tree By-law are based on the recovery of costs incurred by the Forestry unit. Additional revenue from the site visit fee is estimated at \$0.010 million in 2008 and \$0.014 million annually.

**Recommended New Service Priorities – Council Approved:*****Dogs Off-Leash Strategy – By-Law Enforcement (\$0.150 million gross and net)***

Council approved the **People, Dogs and Parks Strategy - Off Leash Areas** policy at its meeting on July 16 -19, 2007 (PE7.3). In response to numerous complaints about threats posed to park users by off-leash dogs in Toronto's parks and based on the feedback from public consultations in June 2007, the PF&R 2008 Recommended Operating Budget includes \$0.150 million of new funding in 2008, (and additional \$0.183 million to provide full year funding) to support the enforcement of the by-law which prohibits off-leash dogs in public parks. This will increase the number of full-time staff available to enforce City by-laws and problem solve in parks across the City from 11 to 14, including one Community Development Officer. However, a major current focus of the existing by-

law officer is illegal dumping in parkland, so existing resources for Dogs Off-Leach enforcement is still limited.

***Tree Hazard Abatement in Ravines (\$0.705 million gross and net)***

Unmaintained trees represent a significant liability and safety hazard in Toronto's parks. Recently, in Hamilton, a young boy died from injuries he sustained from being struck by a falling tree in the Royal Botanical Gardens. In response to this incident, Toronto and Region Conservation Authority (TRCA) adopted a policy for tree risk assessment and maintenance on its parkland. PF&R is responsible for the maintenance of virtually all of TRCA's parkland that is located within the City boundaries. To comply with the new TRCA policy, as well as to avert potential liabilities on City-owned parkland, the PF&R 2008 Recommended Operating Budget includes \$0.705 million to fund three Forestry Forepersons to inspect trees in ravines and natural areas and to arrange for arborist crews to remove hazards. An additional \$0.682 million will be required in 2009 to provide the full year cost of these positions and the arborist crews to carry out the work.

## Section E: Issues for Discussion

### 2008 Operating Budget Issues

#### Increased Programming and Permit Fees

Parks Forestry and Recreation has historically increased Recreation and Permit Fees by inflationary factors several times over the last few years. Included in the 2008 Recommended Operating Budget is a 3% increase in Recreation program and permit fees and Parks permit fees, which together contribute \$0.817 million of additional revenue to meet the program's increased costs. This is a small contribution in comparison to the \$8.825 million of increased salary, wage and benefit costs which must be funded to maintain the current level of service to be provided from the 2008 Parks, Forestry and Recreation Recommended Operating Budget.

As part of the corporate Program Review initiative, Parks, Forestry and Recreation undertook a Full Costing and Pricing Study, to establish the direct and indirect costs of its programs provided to the public. With the assistance of Accounting Services, a pricing methodology was developed for use across the program, using data from a number of Recreation services. This Study was completed in late 2007, and enables the program to compare its cost recovery rates with other municipalities. This work documented the very significant differences in rates of cost recovery between Toronto and other Ontario municipalities, especially those in the greater Toronto area. Other municipalities' current recovery rates are all above Toronto's 30%, with ranges from 44% for Windsor to 89% for Markham.

The 2008 Recommended Operating Budget for Parks, Forestry and Recreation includes increased revenue of \$3.665 million from increasing the cost recovery rate for recreation programs from the 30.5% (which includes the 3% inflationary adjustment for 2008) to 34%. The full year impact of this increase will provide an additional \$1.222 million of additional revenue in 2009. This represents an average increase over the inflation adjusted rates for 2008 of 21.5% to restore the Base Budget for PF&R.

For ice, sports field, pool and location permits, rate increases averaging 21.5% over the inflation adjusted 2008 rates are recommended, for an overall revenue increase of \$2.049 million. Recommended rates vary for the different categories of permit. (see Appendix 2) The full year impact of this increase will provide an additional \$0.678 million of additional revenue in 2009.

#### Storm Damage Costs

An increasing volume of City tree failures resulting from storm damage has exacerbated the service delays in Urban Forestry services. Increasing intensity and frequency of storms has resulted in the estimated number of tree failures per year of 2,500, as estimated for Forestry budget planning in the past, to be inadequate. In the first half of 2007, over 6,000 tree failures were reported, with the average cost per tree at \$1,500. As this is an unpredictable outcome each year, it was suggested consideration be given to establishing a reserve fund to provide additional funding for this work in

above-average years. The Deputy City Manager and Chief Financial Officer will review this issue in the coming year in the context of the City's broader climate change risks.

### **Divisional Safety and Security Plan**

Council approved new funding of \$0.270 million for Parks, Forestry and Recreation's Divisional Safety and Security Plan in the 2007 Operating Budget. Additional funding of \$0.150 million for the full year impact of this phase of the plan is included in the 2008 Recommended Operating Budget. Last year, Council also adopted a recommendation that funding for future phases of the Parks Forestry and Recreation Divisional Safety and Security Plan be considered in the context of a City-wide security review. Facilities and Real Estate will be reporting on this review to Budget Committee during consideration of the 2008 Operating Budget.

### **Future Year Issues**

#### **Access to Recreation Policy**

Harmonization of Access to Recreation Policies has been a challenge for Parks, Forestry and Recreation since municipal amalgamation. Currently, there are two separate access policies in place which are not equitable with many overlaps and gaps and do not provide assurance that the benefits accrue to those in need. The Welcome Policy provides income based access to two registered programs across the City per registration period for low income residents. The Priority Centres system provides location based free access to recreation programming at specific centres so designated. The locations of these centres, designated in the early years of amalgamation, are not coincident with the City's Priority Neighborhoods and the income levels in some of the neighborhoods with Priority Centres have changed due to gentrification. Although the policy intention of these centres was to provide service in neighborhood with needs, analysis shows that the majority of Priority Centres serve geographic areas that go well beyond the immediate community.

A review of these policies has also been part of the program's ongoing efforts to develop better management of the variable revenues resulting from its various programs. Due to the way recreation programs are offered and provided through access programs, it is almost impossible for a reliable revenue forecast to be developed. This results in annual internal cost containment exercises that impact the service level of P F & R during the year, and become a recurring problem. Budgets are adjusted in the following year for the increased cost of the Welcome Policy, for example. Cost constraints limit development of new programming, generally. The Full Costing and Pricing Study, undertaken through the City's Program Review process, has recently established and now provides an improved information base, both for pricing of programs and for the development new approaches to Access to Recreation policy development.

A report entitled "Improving Access to Recreation: 'Everybody Gets to Play'" has been tabled with the Community Development and Recreation Committee in January 2008. The overall objective of the report is to develop an access policy which provides support in access to recreation to those who need it while building a fair and financially viable system to deliver access to all participants across the City. The financial implications of P F & R's report on a new Access to Recreation policy, will be key to the stability of operating budgets for the program in future years.

**Outstanding Issues from 2007 and Prior Years****Water Efficiency Plan**

The 2006 Capital Budget for Toronto Water reflected continued implementation of the Water Efficiency Plan. The Plan was adopted by Council in 2004 and continues to be rolled out in 2007. The overall Plan is estimated to be completed in 2012. It has been designed to reduce water use across the City by 15% of the 2012 projected demand. It will improve operating efficiency of Water Production and Distribution and will be eventually reflected in improved performance measures. In addition, the Plan is estimated to save an equivalent of approximately \$220.000 million in water and wastewater treatment infrastructure expansions.

Currently, external stakeholders in Toronto are implementing water efficiency strategies as part of their operations. Given the Parks, Forestry and Recreation Program's consumption of water, Council adopted the following recommendation as part of the Toronto Water 2006 Approved Operating Budget:

The Deputy City Manager for the Parks, Forestry and Recreation Program, in consultation with the Acting Deputy City Manager for Toronto Water Parks identify potential water efficiency strategies regarding its operations and that the General Manager of Parks, Forestry and Recreation report to the Budget Advisory Committee prior to the start of deliberations for the 2007 Capital Budget process, on the strategies to improve water efficiency and costs of these initiatives.

A report from the General Managers of Toronto Water and Parks, Forestry and Recreation, and the Chief Financial Officer was adopted at the Public Works and Infrastructure Committee at its meeting on January 9, 2008, and will shortly be before Council for its consideration. The report recommends the following actions to be taken in support of the City's Water Efficiency Plan:

- Undertake a water use and consumption audit of all P F & R facilities and sites, including a description of all uses, whether meters are in use and a listing of sites priority order based on water use reduction potential, and a listing of all un-metered sites in water consumption priority order, to enable beginning of meter installation in 2008.
- As part of future Operating and Capital Budget submissions, develop water conservation strategies and measures for implementation at specific sites, with their associated costs and water savings implications and in accordance with Toronto Water's policies for financial contributions to such efforts.
- A report be provided annually with the Budget processes on the aggregate annual consumption of water at all P F & R sites and facilities, tracking changes as water efficiency measures are implemented.

**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
		\$	\$	\$	\$	\$
<b>2007 Council Approved Operating Budget</b>	<b>4,126.8</b>	<b>303,909.2</b>	<b>77,308.0</b>	<b>226,601.2</b>	<b>0.0</b>	<b>0.0</b>
In-year approvals and technical adjustments	(4.5)	1,085.2	241.7	843.5		
Corporate adjustments						
<b>2007 Approved Operating Budget</b>	<b>4,122.3</b>	<b>304,994.4</b>	<b>77,549.7</b>	<b>227,444.7</b>	<b>0.0</b>	<b>0.0</b>
Prior year impacts	51.4	3,727.9	220.2	3,507.7	1,498.8	
Zero base items						
Economic factors		10,335.9		10,335.9	1,500.0	1,500.0
<b>Adjusted Base Budget</b>	<b>4,173.7</b>	<b>319,058.2</b>	<b>77,769.9</b>	<b>241,288.3</b>	<b>2,998.8</b>	<b>1,500.0</b>
Other base changes	14.0	1,916.8		1,916.8	243.4	376.8
Base revenue changes			(673.1)	673.1	(348.0)	
Recommended Service Level Adjustments:						
Service efficiencies		(1,028.2)		(1,028.2)		
Revenue adjustments			6,823.6	(6,823.6)	(2,141.5)	
Minor service impact	(0.8)	(135.0)		(135.0)		
Major service impact	(8.0)	(1,008.9)	232.6	(1,241.5)	(291.1)	
<b>Total Recommended Base Adjustments</b>	<b>5.2</b>	<b>(255.3)</b>	<b>6,383.1</b>	<b>(6,638.4)</b>	<b>(2,537.2)</b>	<b>376.8</b>
<b>2008 Recommended Base Budget</b>	<b>4,178.9</b>	<b>318,802.9</b>	<b>84,153.0</b>	<b>234,649.9</b>	<b>461.6</b>	<b>1,876.8</b>
<b>2008 Program Operating Target</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>227,444.7</b>	<b>0.0</b>	<b>0.0</b>
<b>% Over (Under) Program Target</b>				<b>3.2%</b>	<b>0.2%</b>	<b>0.8%</b>
<b>% Over (Under) 2007 Appvd. Budget</b>				<b>3.2%</b>	<b>0.2%</b>	<b>0.8%</b>



**Appendix 2**  
**Summary of Service Level Adjustments**

**Appendix 3**

**Summary of 2008 Recommended New / Enhanced Service Priorities**

## Appendix 4

## Inflows / Outflows to / from Reserves &amp; Reserve Funds

(In \$000s)

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Balance as of December 2007	Proposed Withdrawals (-) / Contributions (+)		
			2008	2009	2010
		\$	\$	\$	\$
Insurance Reserve Fund	XR1010	24,027.8	4,111.0		
Vehicle Reserve Fund	XQ1201	363.7	5,664.4		
Scarborough Development	XR2012	21,820.0	(180.0)		
National Child Benefit	XR2102	3,557.7	(1,000.0)		
Racquet Sports (L'Amoreaux)	XR3009	625.9	80.0		
Racquet Sports (L'Amoreaux)	XR3009	625.9	(45.0)		
Harbourfront Parkland	XR3200	6,978.7	(25.0)		
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>57,999.7</b>	<b>8,605.3</b>	<b>0.0</b>	<b>0.0</b>