

Downtown Information Session

City of Toronto

2011 Operating and Capital Budget

Hosted by

Councillor Pam McConnell (Ward 28)

Councillor Kristyn Wong-Tam (Ward 27)

Councillor Adam Vaughan (Ward 20)

January 22, 2010

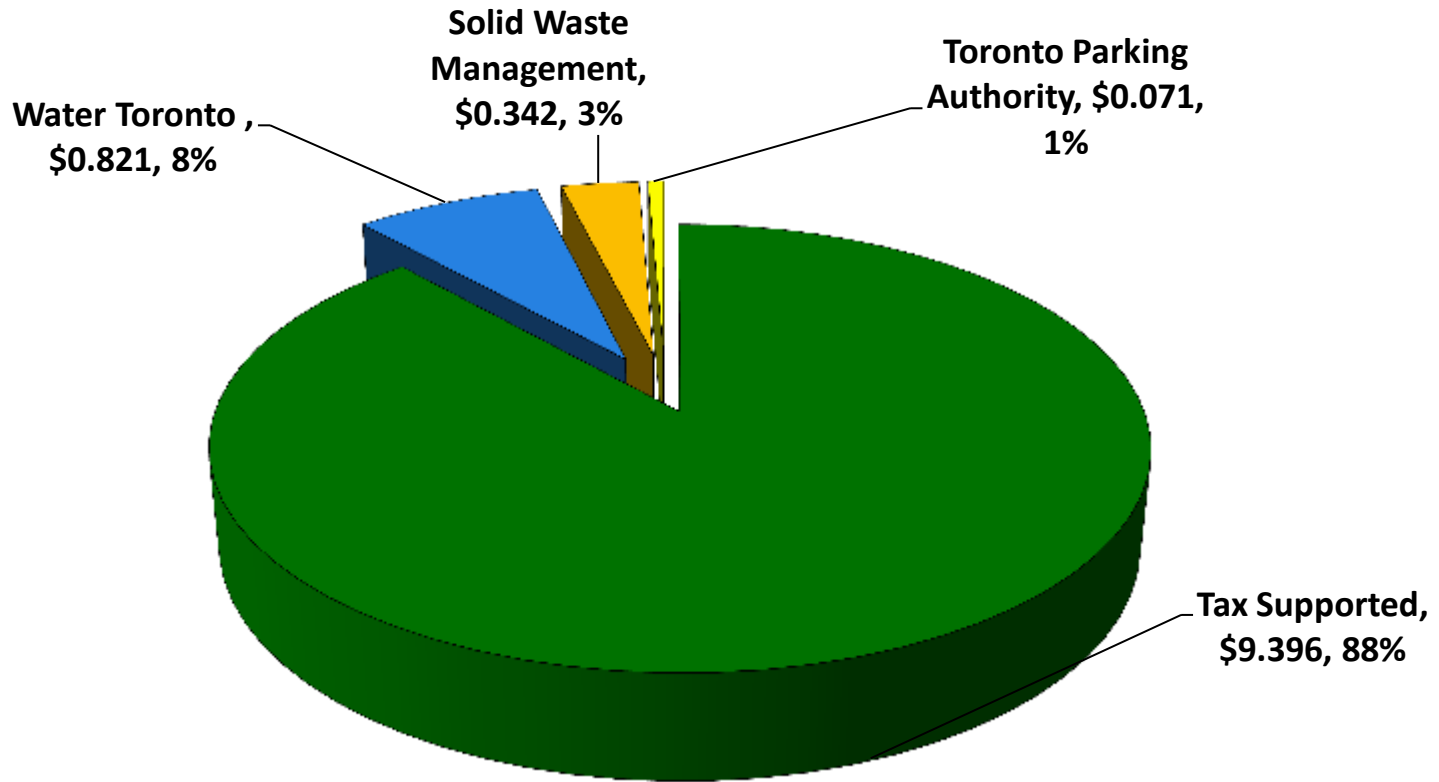
Budget Process

- Departments start working on their budgets about 6 months before launch
- The City of Toronto Budget is divided into:
 - **Rate Supported** (entirely funded by user fees)
 - **Toronto Water** – Operating and Capital Budgets
 - **Solid Waste Management** – Operating and Capital Budgets
 - **Tax Supported** (using funding from property taxes)
 - **Capital Budget** – For infrastructure (roads, libraries, community centres, vehicles, etc.)
 - **Operating Budget** – For service delivery (employee salaries, fuel, utilities, supplies, etc.)

Budget Glossary

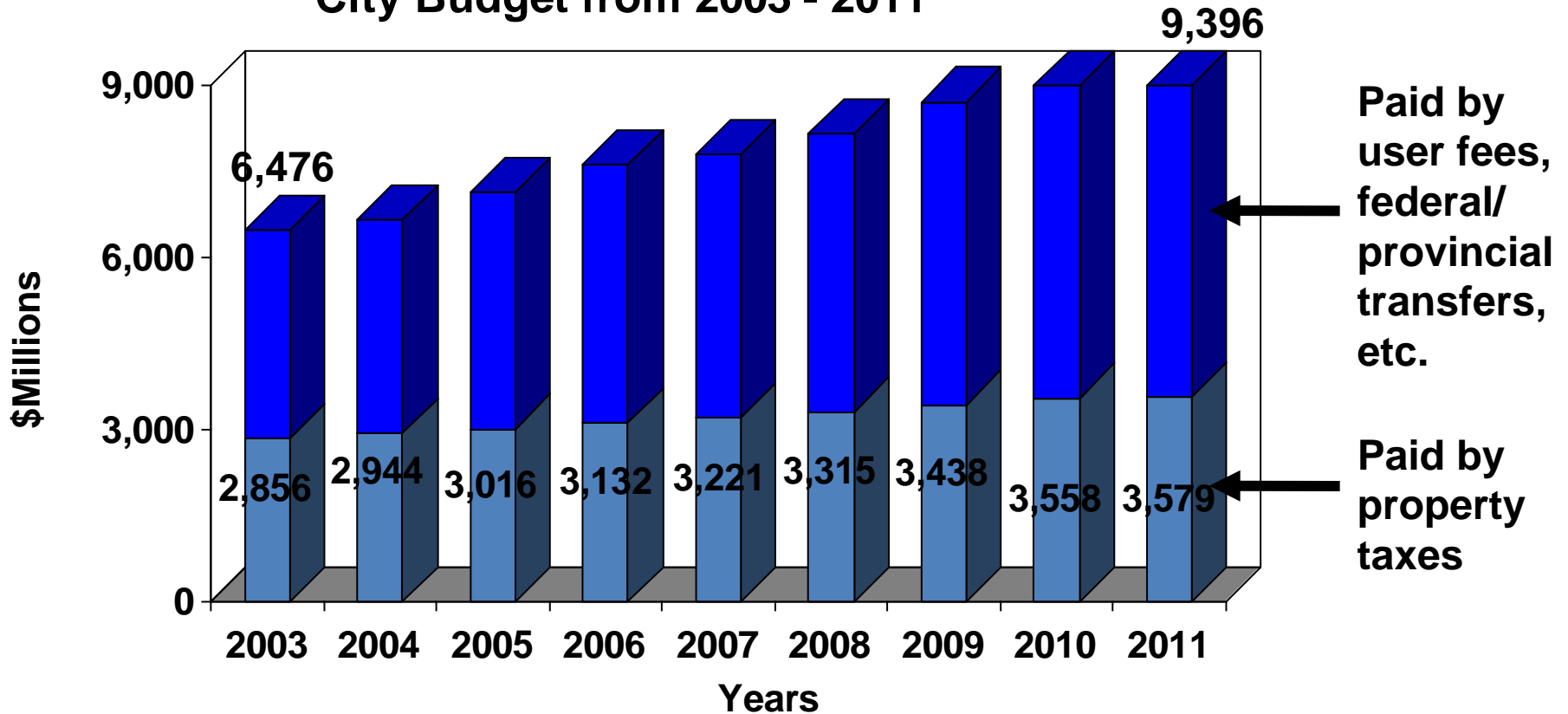
- **Operating Budget** – Provides day-to-day funding to City divisions and agencies for programs, services, and activities.
- **Capital Budget** – Long term and one-time expenditures for tangible assets that are more than \$50,000. The City has a 10-year capital plan. The City will borrow to pay for some capital projects that last longer than 10 years.
- **Debt Charges** – Principal and interest payments to pay off debt from capital expenses. Debt can only be incurred for capital projects and is paid through the operating budget.
- **Reserve/Reserve Funds** - Funds set aside for future city costs. Since the City cannot legally budget for a deficit, it must put aside funds in case of an operating shortfall. Some reserves are established to finance future major capital purchases like buildings and vehicles.

2011 Tax and Rate Supported Budgets - Total \$10.630 Billion



Spending History (Gross and Net)

City Budget from 2003 - 2011



■ Net expenditures ■ Gross expenditures

2011 Rate Supported Budgets

2011 Rate Supported

- **Toronto Water**

- Operating Budget - \$821 million

- Eliminate Drain Grants, Voluntary Downspout Disconnection Program, and Water Efficiency Program

- Capital Budget - \$654 million

- Over 50% on State of Good Repair

- Water rates increase – 9%

- An increase of \$56 per household per year

- **Solid Waste Management**

- Operating Budget - \$343 million

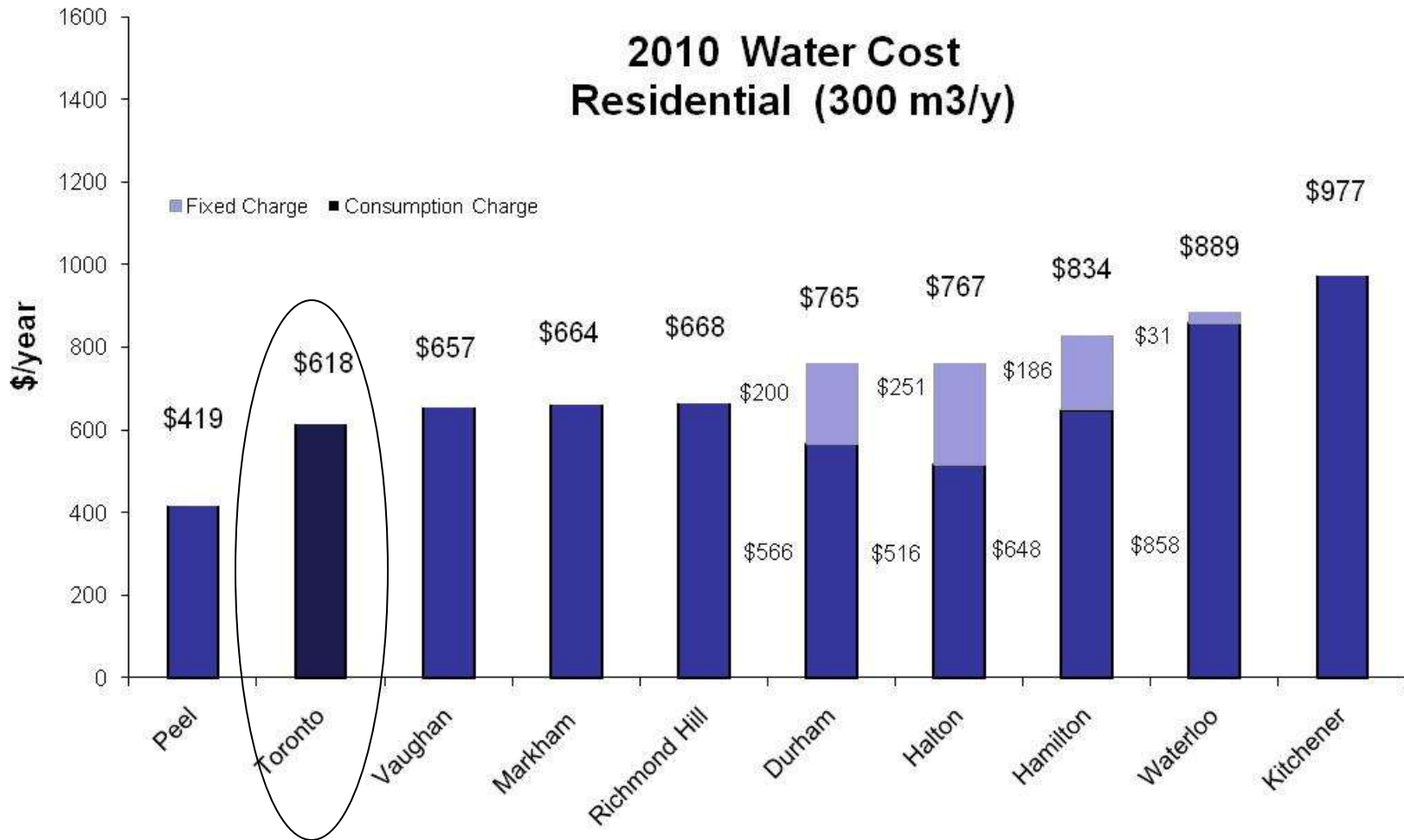
- Capital Budget - \$146 million

- Over 60% for Service Improvements (processing facilities)

- Solid Waste fee increase – 3%

- An increase of \$6 to \$12 per household per year, depending on bin size

How do water rates compare?



2011 Operating Budget

Operating Budget

- The City must approve a balanced Operating Budget
 - Unlike federal and provincial governments, municipalities cannot run an operating deficit
 - No borrowing to meet shortfall
 - Emergent issues must be funded with reallocations
 - No contingency fund is provided
- Operating expenditures are incurred to deliver services and service levels that recur year after year

Canadian municipalities receive just **eight cents** of every tax dollar collected in Canada

- 50 cents goes to the federal government
- 42 cents goes to the provincial/territorial governments

Operating Budget - City Services at Work

- **Emergency Services**
 - Police 🕒
 - Fire 🕒
 - EMS 🕒
 - **Transportation and Transit**
 - TTC 🕒
 - Roads 🕒
 - Sidewalks
 - **Economic Development**
 - **Libraries**
 - **Parks and Recreation**
 - **Court Services**
 - **Arts, Culture and Heritage**
 - **Bylaw Enforcement and Inspections**
 - **Planning and Development**
 - **Building Permits**
 - **Licensing**
 - **Tourism Promotion**
 - **Social and Health Services**
 - Social Assistance
 - Homes for the Aged 🕒
 - Child Care
 - Hostels 🕒
 - Social Housing 🕒
 - Public Health
 - Community Support
- Rate Supported:**
- **Solid Waste Collection, Recycling**
 - **Water and Wastewater 🕒**

The Mayor's Budget Directions

- Achieve a balanced budget with no unfunded “gaps” (no unspecified reductions)
- Is not greater than the approved 2010 Net Operating Budget
- Produces a zero percent residential property tax increase
- Includes “no major service cuts”

City Manager directed all departments to decrease operating budgets by 5%

Financial Pressures — facing over \$700 million shortfall

- Property taxes don't grow with economy or inflation
 - 3 years of property tax freezes (1998-2000) puts the City behind by over \$215 million this year (based on a 2% increase for each of those years)
 - MPAC's property tax reassessments are revenue neutral for the City
 - 2008 final tax rate = \$3.36 Billion
 - 2009 base tax rate after CVA adjustment = \$3.36 Billion
 - **The amount collected by property taxes remains unchanged unless the rate increases.**
- Operating costs increasing faster than revenues
 - 1% increase in City expenses = \$94 million
 - 1% overall increase in property taxes = \$15 million (residential) and \$20 million (commercial)
 - 1% increase for an average homeowner = \$24

Financial Pressures (continued)

- Downloaded programs and costs
- Wage settlements (\$115 million in 2010)
 - Arbitrated settlement with Police = \$36 million (about 5,500 officers)
 - Negotiated settlements (CUPE) = \$75 million (about 30,550 workers)
- Aging infrastructure, unfunded liability, increasing debt service costs
 - E.g., cost of repairing aging water/sewage system = \$4.4 Billion
- The repeal of the Personal Vehicle Tax eliminated \$64 million per year – *equal to a 4.3% residential property tax increase (or 1.8% blended increase)*

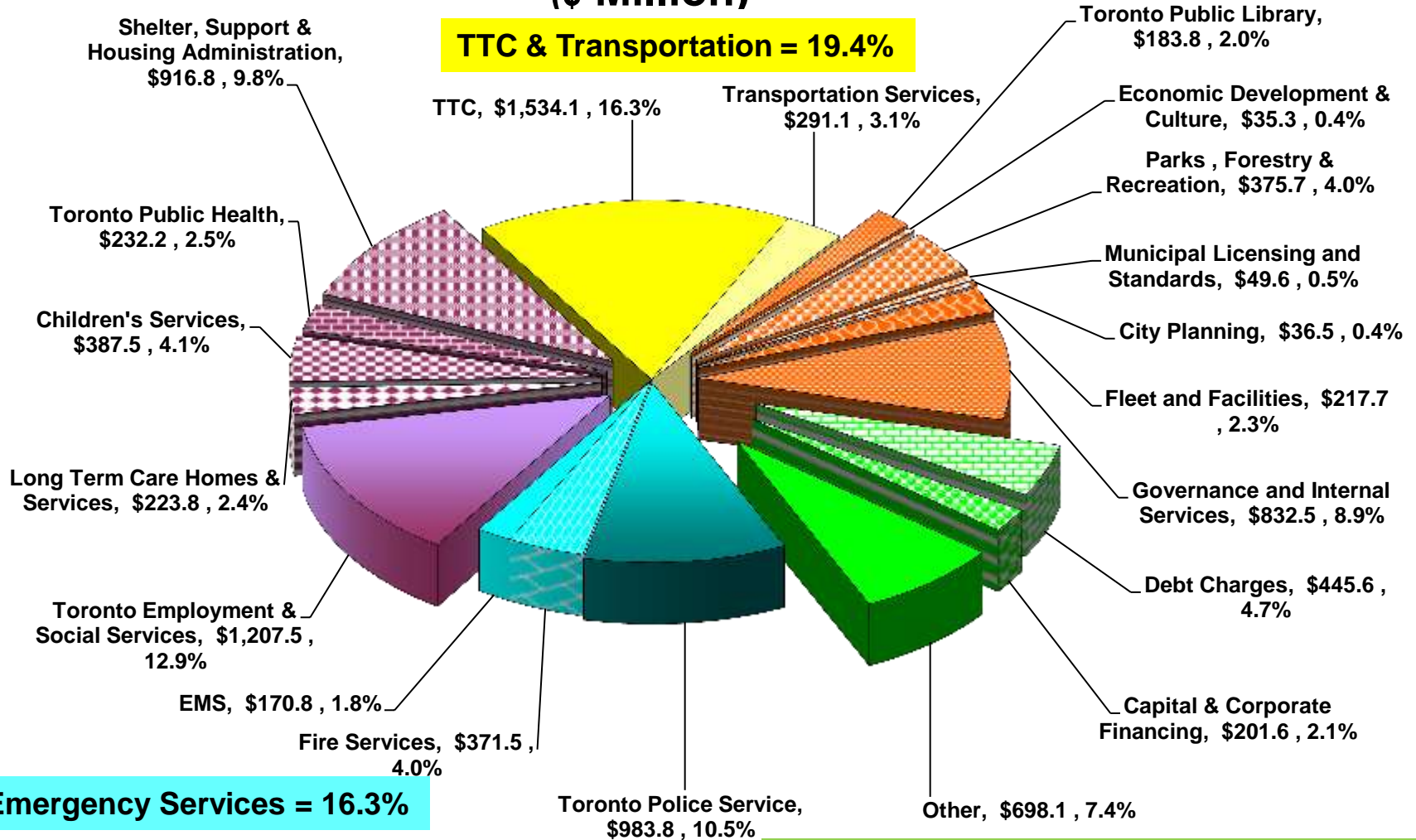
Where the money goes - \$9.396 Billion

Provincially Mandated = 31.7%

Municipal Services = 18.5%

(\$ Million)

TTC & Transportation = 19.4%

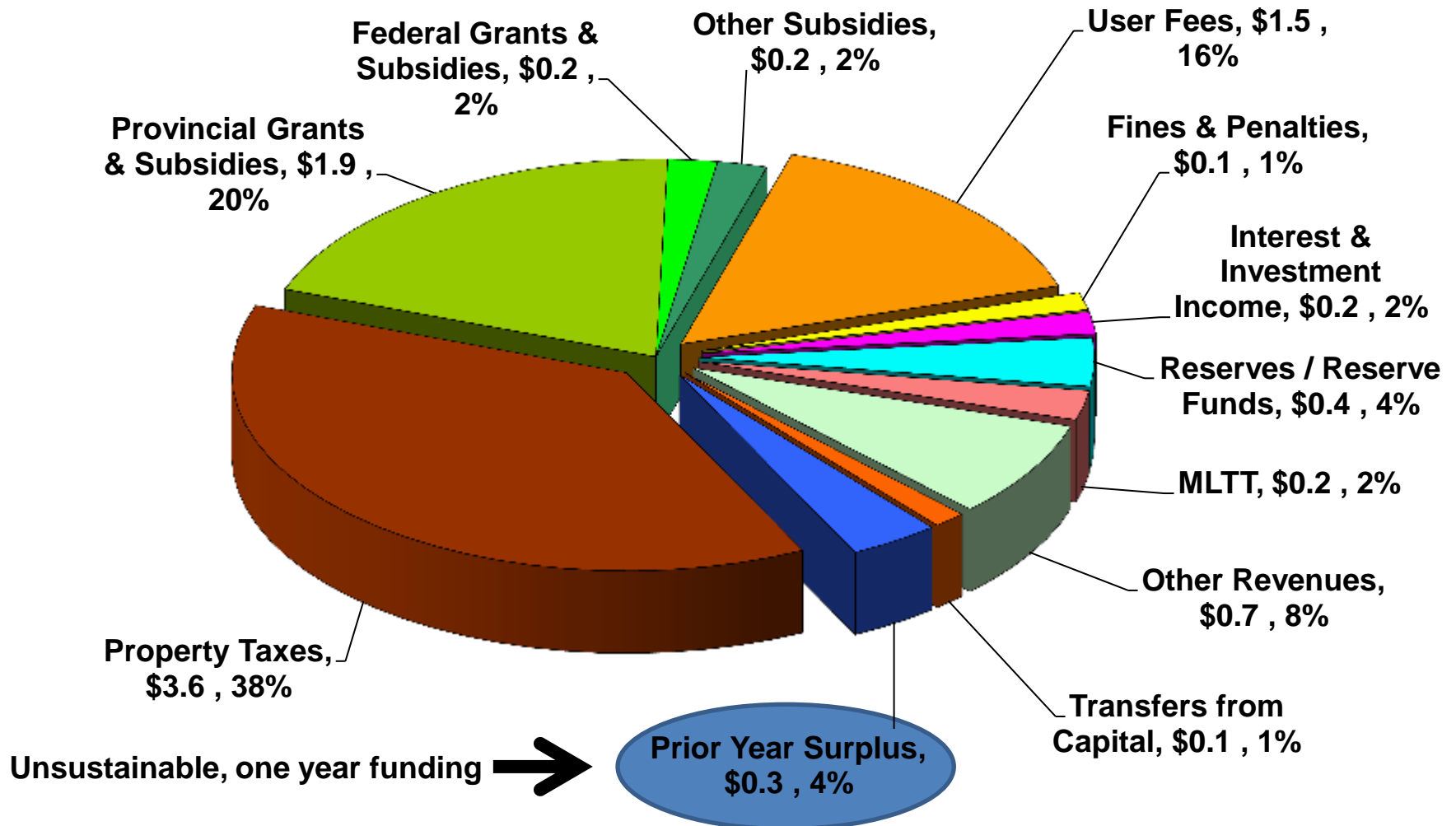


Emergency Services = 16.3%

Mortgage payment on Capital Projects = 14.2%

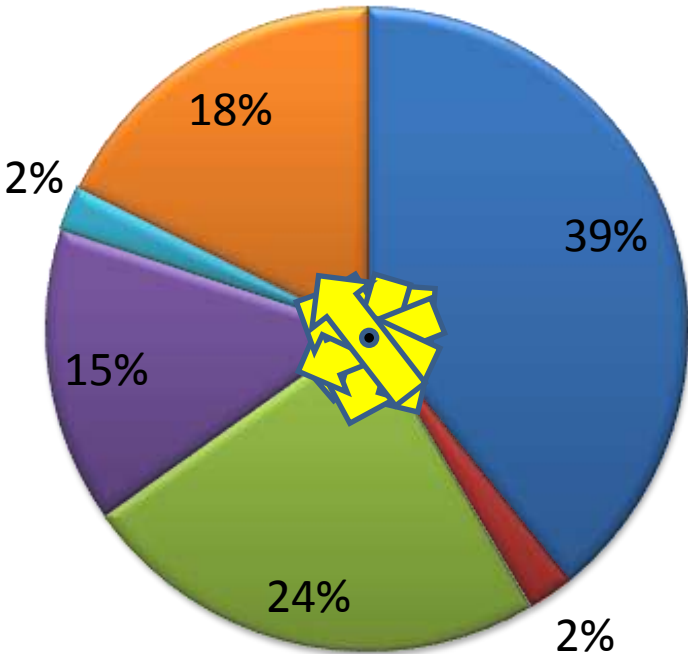
Where the money comes from - \$9.4 Billion

(\$ Billion)

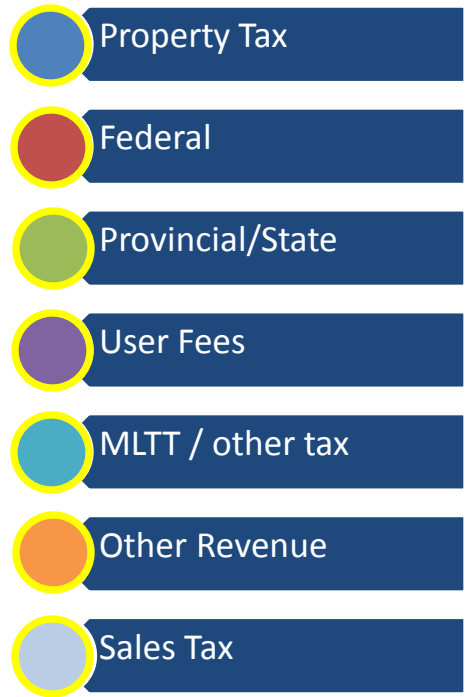


Revenue Comparisons Toronto and US Cities

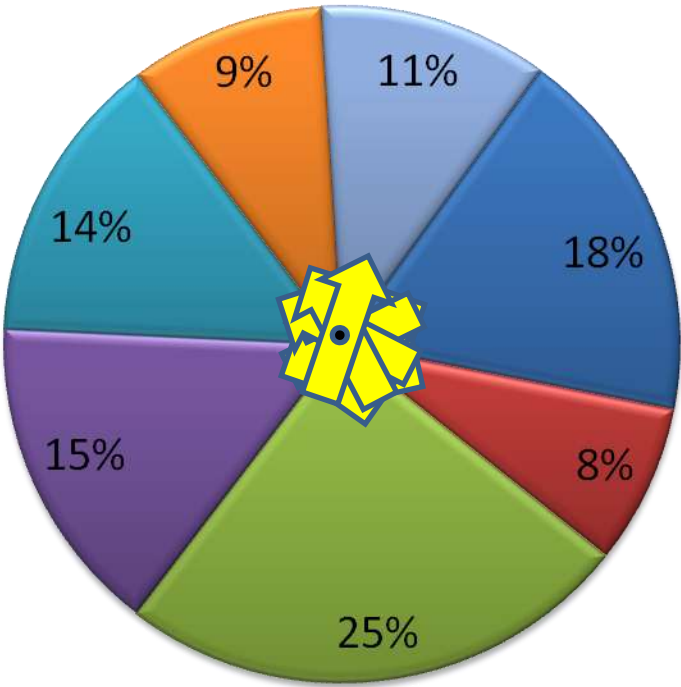
City of Toronto



2011 Operating Budget

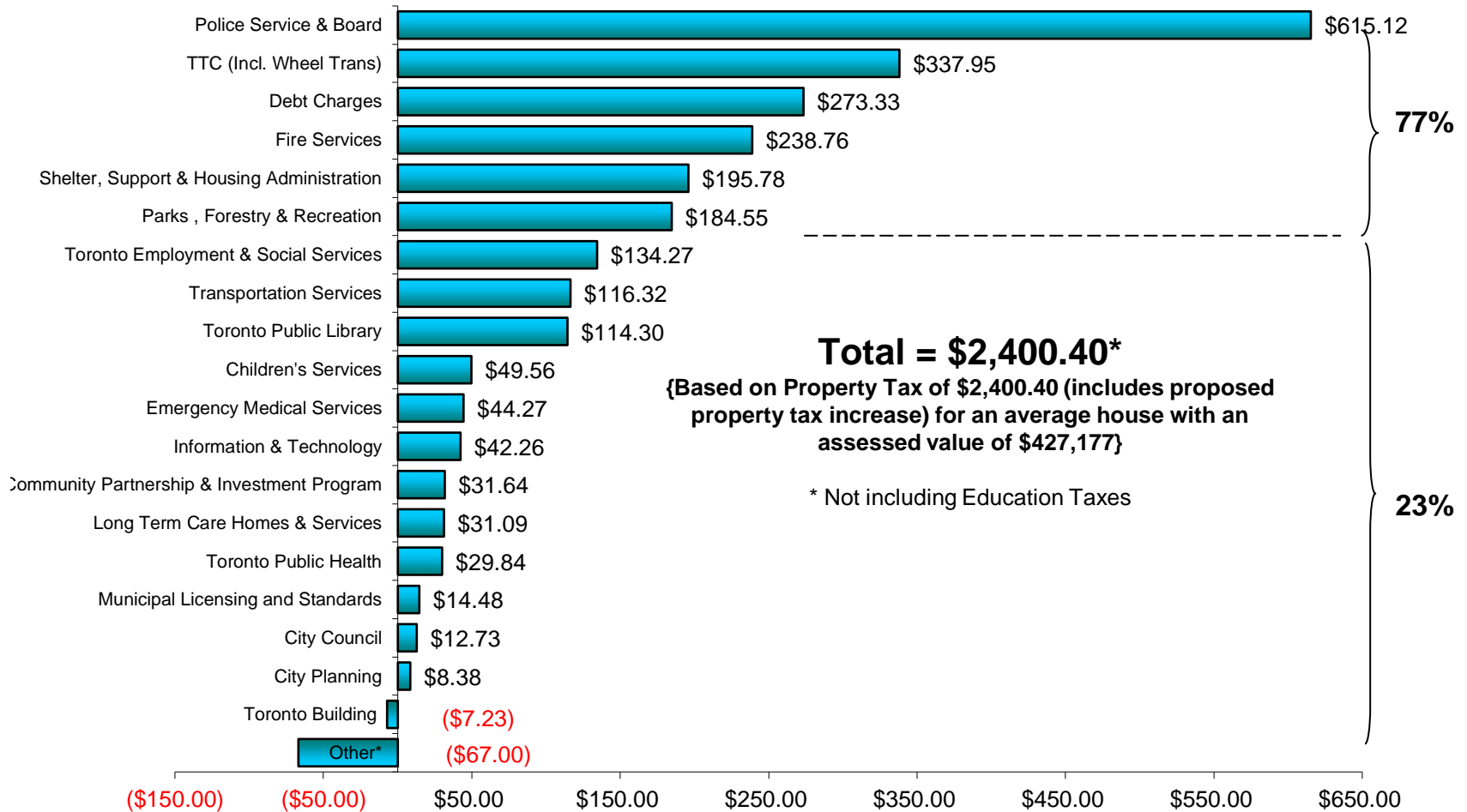


Top 35 U S Cities

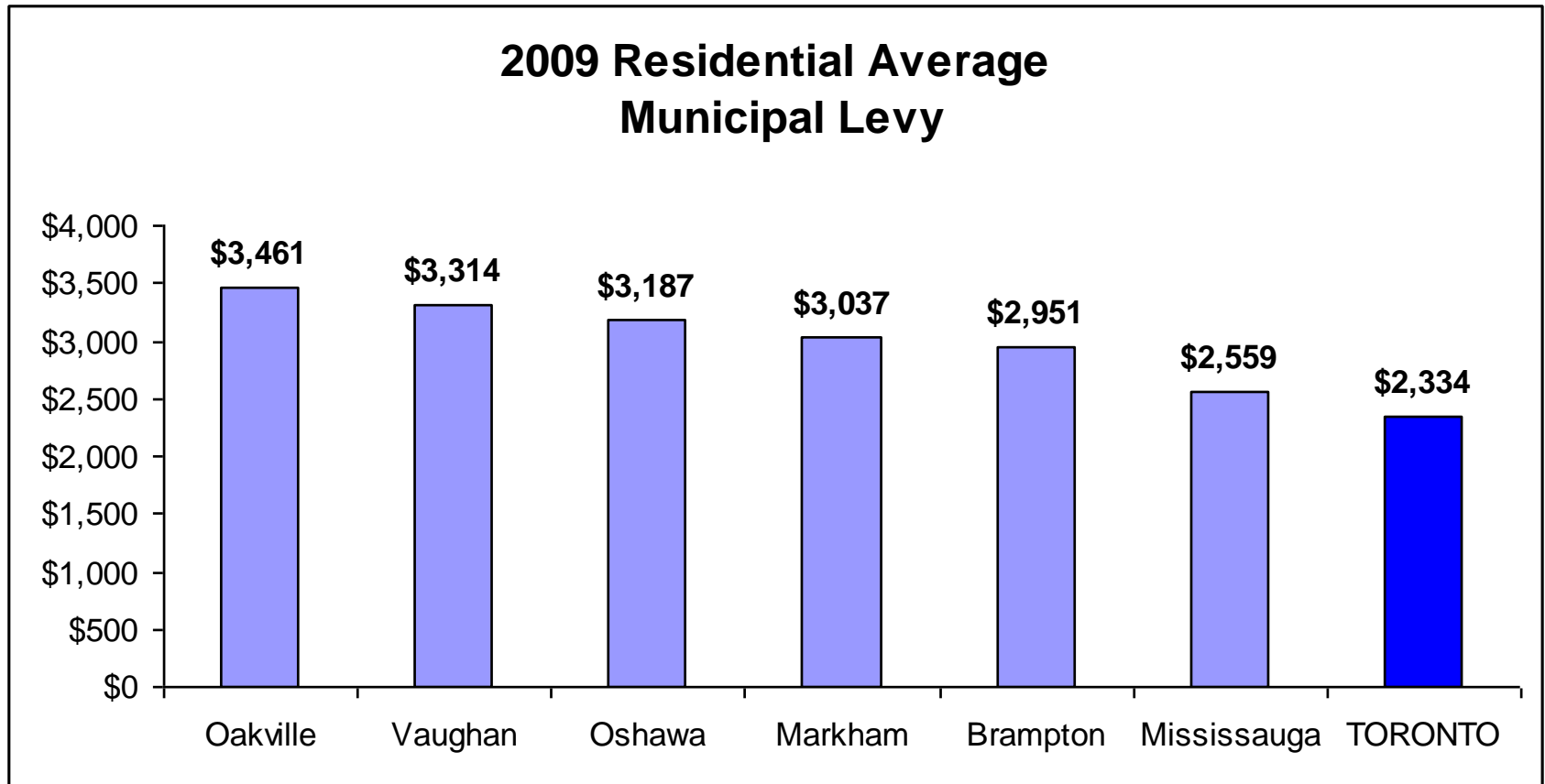


U.S. Census Bureau, Stat. Abs. of the U.S. 2008 (2004 data)

Distribution of Property Taxes



2009 Municipal Residential Taxes - Toronto vs. Surrounding Cities



2011 Capital Budget

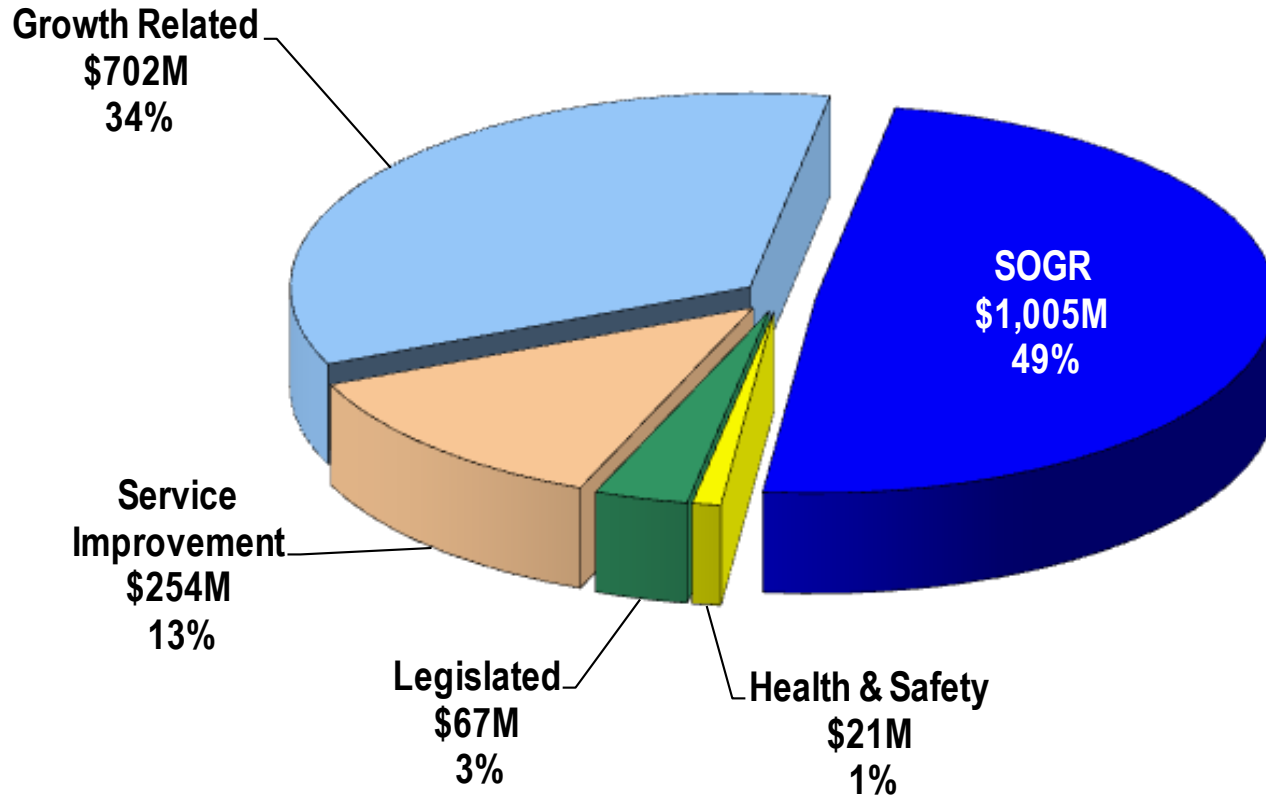
2011-2020 Capital Budget Direction

- Focus spending on State of Good Repair Projects
- Implement and complete infrastructure stimulus projects:
 - Within approved funding limits
 - Within Federal and Provincial governments' timeframe
- Maximize use of development charges
- Explore partnership funding arrangements to minimize reliance on debt
- Do not exceed prescribed capital debt target
- Limit use of debt to fund long-term capital improvements
- Do not introduce major new initiatives that impact City debt

2011 Capital Budget

- \$2.049 Billion (gross)
- Breakdown of the Capital Budget
 - State of Good Repair - \$1.005 Billion (49%)
 - Repairs to roads, bridges, community centres, etc., bus and subway car replacement
 - Growth Related - \$702 million (34%)
 - New ambulances, new libraries, new fire stations
 - Service Improvement - \$254 million (13%)
 - New childcare centres, databases, Union Station redevelopment
 - Legislated - \$67 million (2%)
 - Security systems, safety refit of Island ferries
 - Health & Safety - \$21 million (1%)
 - Defibrillators, playground retrofits, fire safety equipment

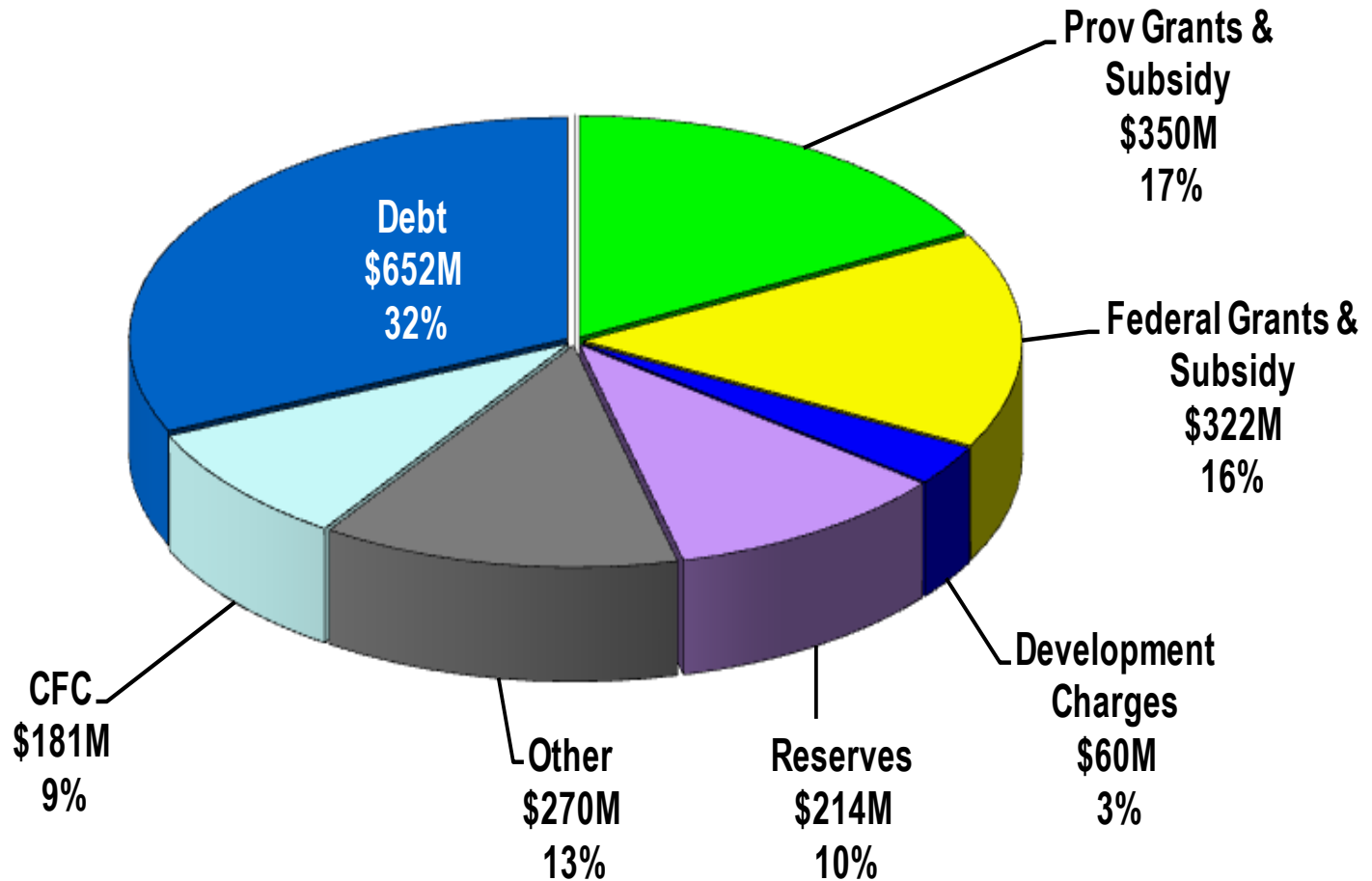
2011 Capital Budget - \$2.049 Billion



Funding the 2011 Capital Budget – How we pay for our projects

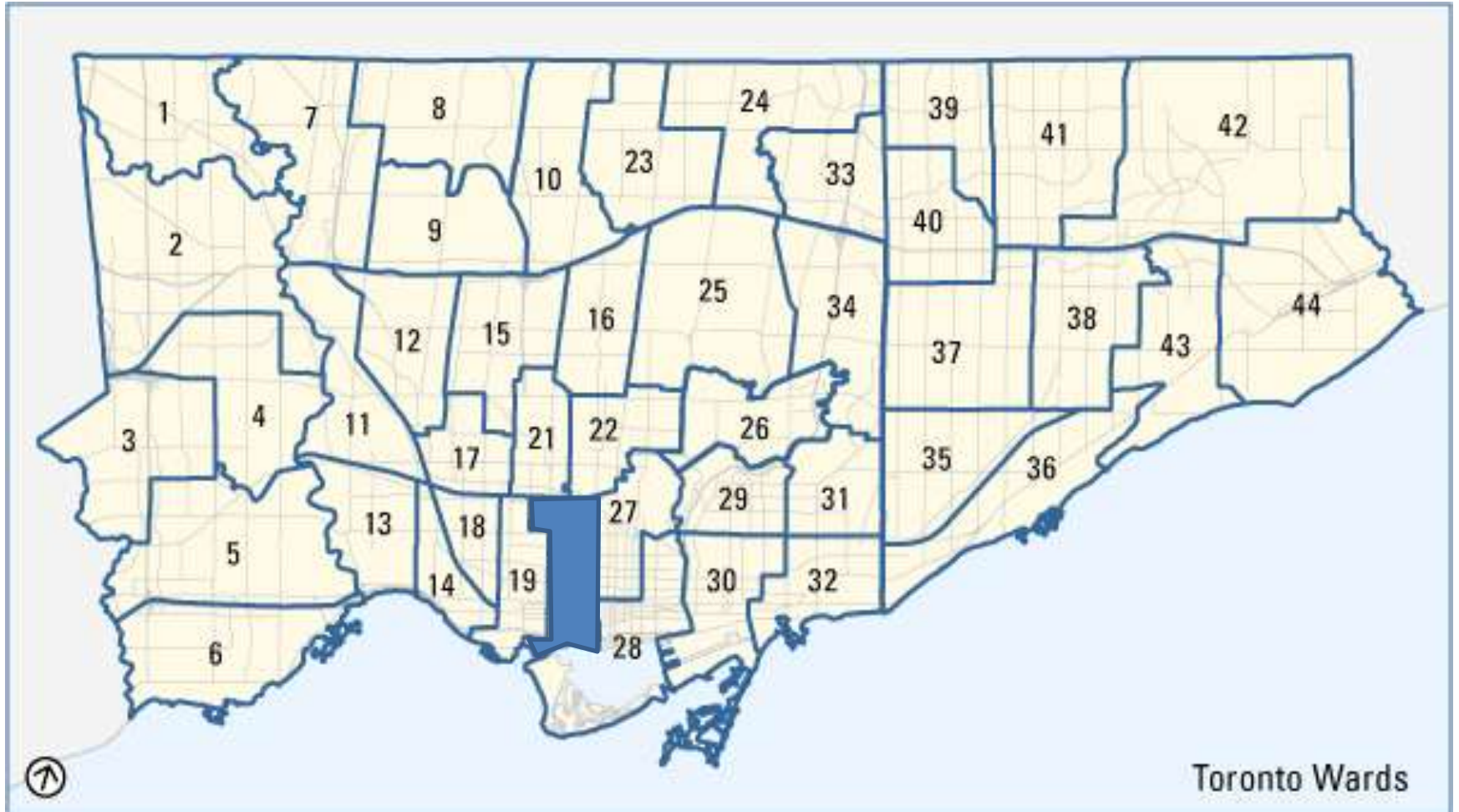
- Debt financed - \$652 million (32%)
 - Mortgage on long-lived assets
- Federal and provincial funding - \$672 million (33%)
 - \$239 million leveraged through Infrastructure Stimulus Funds
- Reserves - \$214 million (10%)
 - E.g., vehicle replacement, land acquisition, computer replacement, project specific
- Capital from Current (CFC) - \$181 million (9%)
 - Direct spending from the Operating Budget
- Other funding from development charges, BIA contributions, Section 37 agreements, etc. - \$330 million (16%)

Financing the Capital Budget - \$2.049 Billion



In Our Communities

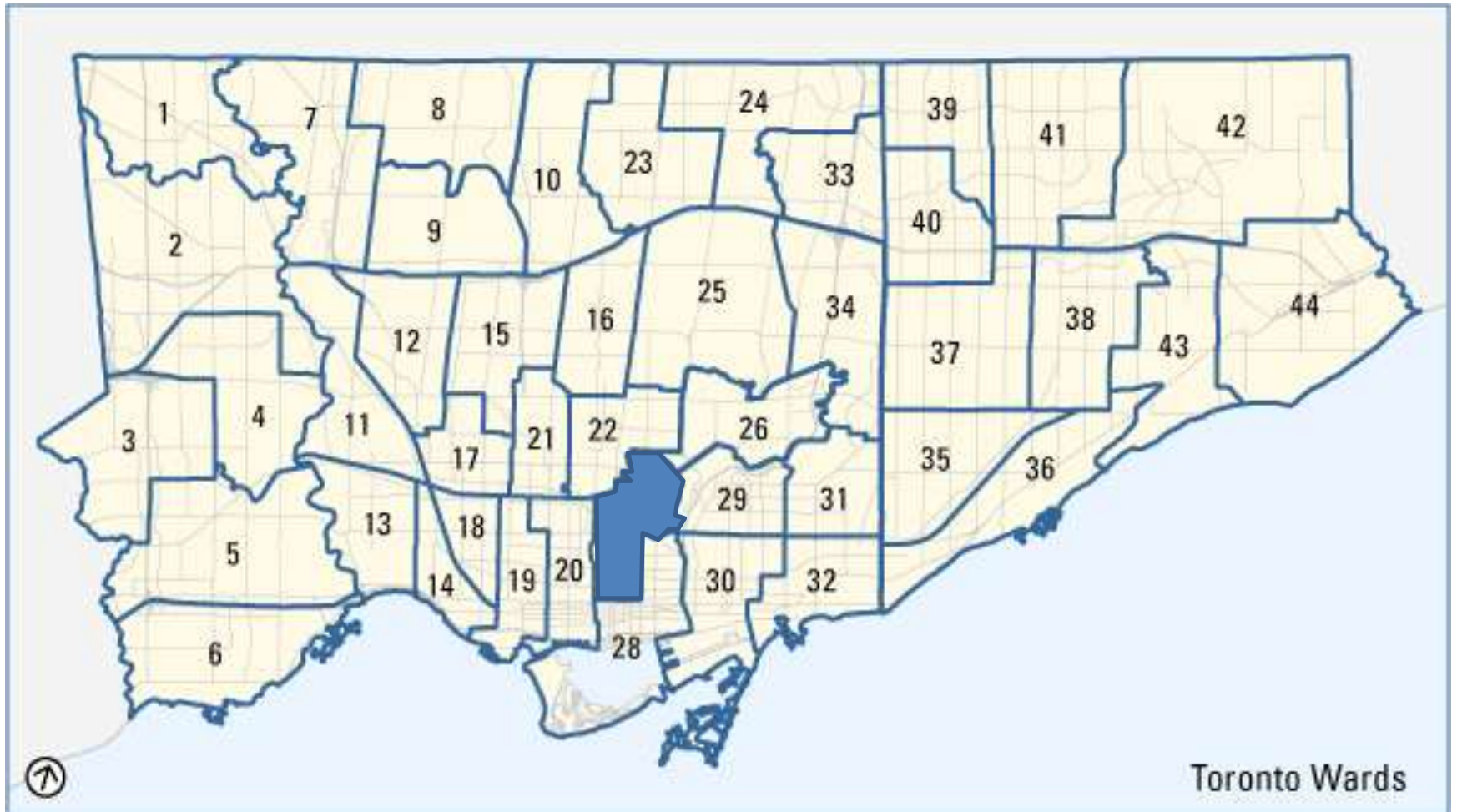
Ward 20



Capital Projects in Ward 20 – included in the 10-year plan

- Front & Bathurst Library Branch – \$ 8.6 million
- Sanderson Library Revitalization - \$ 5 million
- Bathurst & Bremner intersection - \$ 5.8 million
- Various parks – Vermont Square, Sibelius Square, Margaret Fairly, Bellevue Square, Grange Park and Clarence Square - \$ 2.3 million
- Railways Lands Community Centre - \$13 million
- State of good repair improvements to community centres, including St. Alban's Boys & Girls Club, Scadding Court Community Centre, University Settlement House & Harbourfront Community Centre - \$ 6 million
- Plus on-going water pipe replacements, cycling infrastructure, road repairs
- Not in the capital plan, but in the works (in partnership with private funds and City agencies):
 - John Street Cultural Corridor
 - Alexandra Park Revitalization
 - Scadding Court Community Centre Revitalization
 - Queens Quay Revitalization
 - Canada Square

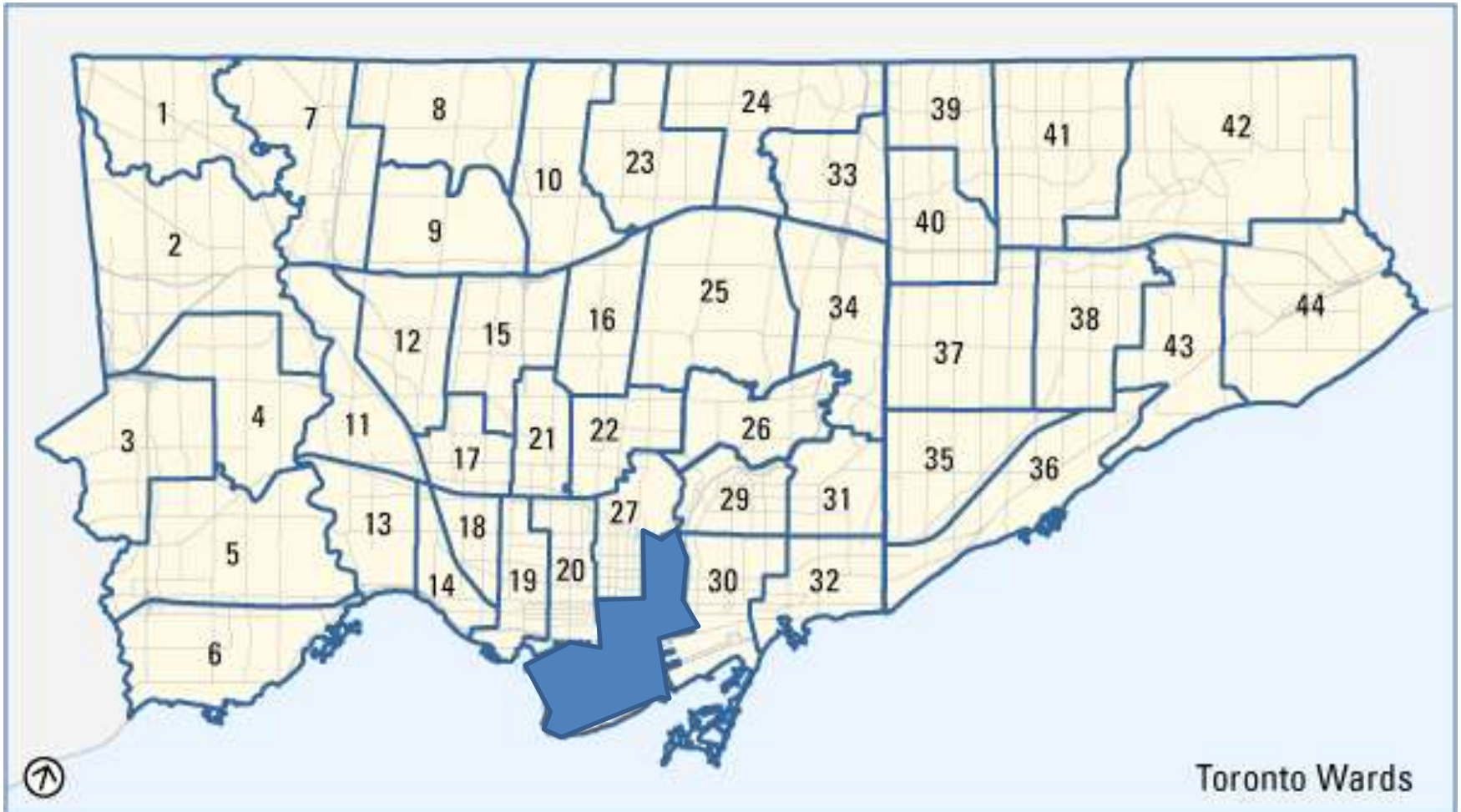
Ward 27



Capital Projects in Ward 27 – included in the 10-year plan

- Improvements in Queen's Park North, Ramsden Park, Trinity Park, Rosedale Park
- Allan Gardens greenhouse and park master plan
- Upgrade to Cumberland mall
- Bay Corridor Community Association's Bay Street Bioswale project
- Nathan Phillips Square renovation
- At risk: Wellesley Station second entrance on Dundonald

Ward 28



Capital Projects in Ward 28 – included in the 10-year plan

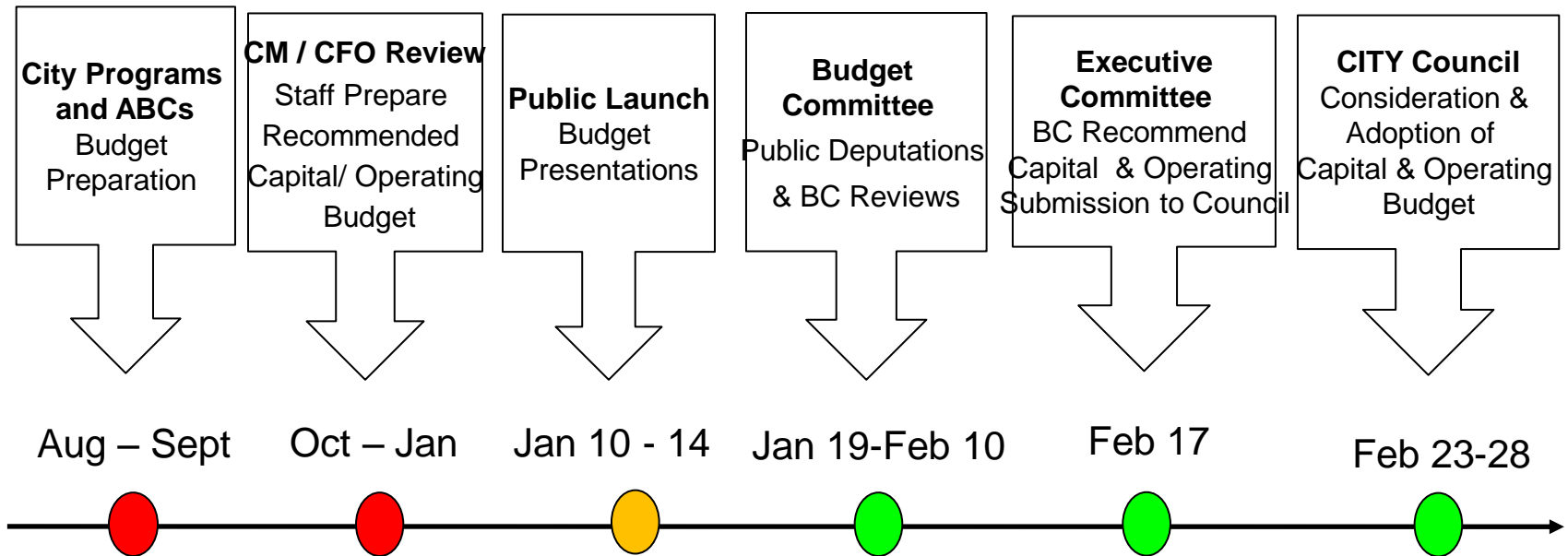
- Union Station revitalization - \$563 million
- Development of West Don Lands and East Bayfront - \$31 million
- St. Lawrence North Market redevelopment - \$74 million
- Regent Park Community Centre - \$20 million
- New parkland in Regent Park - \$6 million
- Regent Park Aquatic Centre - \$13 million
- Nelson Mandela P.S. child care centre - \$3 million
- St. Lawrence Library expansion - \$16 million (project to start in 2017)

- Plus lead water pipe replacements, road repairs, repairs to St. Lawrence Hall, Toronto Island Ferry retrofits

Service Reduction Impact in our Communities

- New user fees for adults at
 - Regent Park Community Centre
 - John Innes Community Centre
 - Wellesley Community Centre
 - Scadding Court Community Centre
 - University Settlement House
 - Cecil Community Centre
 - Harbourfront Community Centre
- Increase in fees for other recreation programs
- 230 positions left unfilled when police officers retire from the Toronto Police Service
- Closing the library branch at Metro Hall and moving collections to the Toronto Reference Library
- Possible reductions in TTC service
- Continued understaffing in Planning and Heritage Preservation
- Reduction of \$100,000 to the Tenant Defence Fund

2011 Budget Timeline



TTC Public Meetings on proposed route changes

South

Date: Monday, January 24
Time: 7:00 pm to 9:00 pm
Location: Metro Hall, Room 308/309
55 John Street (at King St. W.)

North

Date: Tuesday, January 25
Time: 7:00 pm to 9:00 pm
Location: North York Central Library,
Memorial Hall
5120 Yonge Street

East

Date: Wednesday, January 26
Time: 7:00 pm to 9:00 pm
Location: Scarborough Civic Centre,
Rotunda
150 Borough Drive

West

Date: Thursday, January 27
Time: 7:00 pm to 9:00 pm
Location: Elmbank Community Centre
10 Rampart Road (corner of
Finch Ave. and Martin Grove
Rd.)

Let's hear from you...