

# Analyst Briefing Notes

## Budget Committee

(January 28, 2008)

**2008 OPERATING BUDGET**

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January 28, 2008

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

- The 2007 projected year-end net expenditure for Transportation Services at September 30, 2007 of \$164.707 million will be \$0.860 million or 0.5% below the 2007 Approved Budget of \$165.567 million. This favourable variance is largely attributable to cost containment measures implemented in the second half of 2007. Cost containment is projected to result in savings of \$3.202 million, including hiring freeze savings of \$0.848 million, non-salary discretionary savings of \$0.730 million and service level adjustments of \$1.625 million. Other savings of \$2.625 million resulted from delays in the red light camera initiative, lower than expected utility cut repairs and utility savings from the use of light emitting diode traffic lamps. Much of the savings have been offset by revenue shortfalls from utility cut repairs of \$3.7 million and higher fleet maintenance and fuel costs of \$1.4 million.
  - The impact of the projected year-end variance in 2007 on the 2008 Recommended Transportation Services Operating Budget results in an increased allocation for fleet maintenance and fuel charges of \$1.227 million net and a reduction in the budgeted revenue for utility cut repair activity by \$3.750 million for 2008 .

The 3-Year Operating Budget supports the Program's strategic direction which is dedicated to safely, efficiently and effectively serving the mobility needs of Toronto's residents, businesses and visitors in harmony with its neighbourhoods and the environment. Major challenges and pressures facing Transportation Services include:

- Transportation Services will continue to focus on improvements in service delivery, including the harmonization of service levels across the City and the need to adjust service delivery resources in order to reduce costs and to maintain and improve the level and type of services.
- Improve the Public Realm, ongoing efforts will be directed toward improving the aesthetics of the road system, in particular grassed and landscaped areas adjacent to roadways as part of the Neighbourhood Beautification Demonstration projects.
- To ensure that the infrastructure assets are properly maintained and that public access is provided safely.
- Provide staffing and resources required to deliver sustainable transportation services and programs including pedestrian and cycling infrastructure to ensure conformity with the Official Plan and to support the Clean Air Climate Change Plan and the Bike Plan.
- Continue to increase emphasis on environment management through the conversion to LED lights and PM 10 sweepers, the Salt Management Plan and facilitating sustainable transportation.

- Financial challenges: continued aging of the transportation system infrastructure is increasing the maintenance cost impact on the operating budget. Contract costs continue to rise higher than the rate of inflation, particularly for road repair activities.
  - Street Furniture Program: implementation of the street furniture program, given its vast scope and aggressive implementation schedule and need to maintain appropriate contract oversight, is a unique and complex undertaking for Transportation Services.
  - Increasing requests to use City roads for street events has grown considerably over the years as well as the crowds associated with them. This continues to increase the pressure on Transportation Services to ensure that these programmed activities within the road closure will be safely managed and spaces are maintained properly for emergencies and public mobility on the existing number of staff available for this function.
- The 2008 Recommended Operating Budget for Transportation is 0.7% (\$1.087 million) over the Program's 2007 Approved Operating Budget and 2008 target.

**Table 1: 2008 Recommended Budget**

(In \$000s)	2007		2008 Recommended Operating Budget			Change - 2008 Recommended from 2007 Approved Budget		FY Incremental Outlook	
	2007 Approved Budget	2007 Projected Actual	2008 Base	2008 New /Enhanced	2008 Operating Budget			2009	2010
	\$	\$	\$	\$	\$	\$	%	\$	\$
<b>GROSS EXP.</b>	255,879.7	251,133.8	258,827.5	657.7	259,485.2	3,605.5	1.4	1,598.5	0.0
<b>REVENUE</b>	90,312.6	86,426.7	92,173.0	657.7	92,830.7	2,518.1	2.8	1,788.5	(200.0)
<b>NET EXP.</b>	165,567.1	164,707.1	166,654.5	0.0	166,654.5	1,087.4	0.7	(190.0)	200.0
<b>Approved Positions</b>	1,300.6	1,150.6	1,301.2	1.0	1,302.2	1.6	0.1		
<b>TARGET</b>			<b>165,567.1</b>		<b>165,567.1</b>				
<b>\$ Over / (Under) Program Target</b>			<b>1,087.4</b>		<b>1,087.4</b>				
<b>% Over / (Under) Program Target</b>			<b>0.7%</b>		<b>0.7%</b>				

- The 2008 Recommended Operating Budget for Transportation Services is \$259.485 million gross and \$166.655 million net. This is comprised of base funding of \$166.655 million net and funding of \$0.658 million gross and \$0 net for new/enhanced service priorities. Approval of the 2008 Recommended Operating budget will result in the Program's staff complement increasing from 1,301.2 to 1,302.2 approved positions.
- The Outlook for 2009 shows a decrease of \$0.190 million net as a result of the annualized savings from revising the winter maintenance standby policy for in-house staff in 2008 of \$0.600 million, offset by the planned decrease in the contribution from the Road and Sidewalk Reserve of \$0.200 million and increase in expenditures for Red Light cameras of \$0.210 million. The Outlook for 2010 reflects an increase of \$0.200 million resulting from the further planned budgeted decrease in the contribution from

the Road and Sidewalk Reserve of \$0.200 million in an effort to increase it's sustainability.

- The 2008 Recommended Base Budget is \$1.087 million net or 0.7% over the 2008 target. The base budget incorporates the Program's key cost drivers including COLA, merit and step increases and other non-discretionary expenditures that total \$7.315 million. These are partially defrayed by efficiencies of \$1.545 million, fee revenue increases of \$0.942 million and three service reductions of \$3.665 million. The three service reductions and associated savings include the following:
  - Reduction in Winter Maintenance Standby Policy for In-House Staff – savings of \$0.200 million net.
  - Elimination of Special Mechanical Leaf Pick-up – savings of \$0.125 net.
  - Winter Maintenance Cost Containment – savings of \$3.340 million net.
- To advance the objectives of the Program, the 2008 Recommended Operating Budget incorporates funding for various new/enhanced service priorities. A number of these 2008 initiatives also advance the City's strategic priorities including:
  - Orphan Spaces Clean-Up - \$0.400 million gross, \$0 net in order to support the City's strategic priority to improve the look and feel of the Public Realm.
  - Neighbourhood Beautification - \$0.220 million gross, \$0 net in order to support the City's strategic priority to make the City more clean and beautiful.
- The 2008 Recommended Operating Budget provides base funding for Transportation Services to maintain service levels in seven primary service areas, Roadway Services, Roadside Services, Traffic Planning/Right of Way Management, Traffic and Safety Services, Infrastructure Management, District Management and Program Support. Services provided to City residents are summarized below:
  - Roadway Services – provides year-round maintenance of roadway, bridge and public lane networks to ensure safe, clean transportation infrastructure for cyclists, transit users, vehicles and goods movement. Activities include roadway cleaning, road and bridge repair and winter maintenance. Service levels include maintenance of 5,590 kilometres (km) of road and percentage of paved lane kilometres where condition is rated as good to very good (89.7% in 2006). Service standards to start ploughing for winter maintenance are 2.5 to 5cm for expressways, 5cm for arterial/streetcar routes, 8cm for local roads.
  - Roadside Services – provides year-round maintenance of sidewalks, boulevards and walkways to ensure a safe, clean environment for pedestrians and other public right-of-way users. Activities include maintenance of about 7,945 km of sidewalks, utility cut repair and grass cutting. Service levels include number of grass cuts adjacent to roadways (7 per year) and time to complete permanent repairs to utility cuts (within 18 months).
  - Traffic Planning/Right of Way Management – plans, manages and enforces activities within the right-of-way. This service area includes the Public Realm Organizational unit

which has the strategic responsibility and accountability for planning, designing and managing sidewalk spaces to achieve a beautiful functional and safe public realm. Activities include development review, street events and construction permits. Service levels include time to process street events or construction permits (6-8 weeks) and achieving over 85% compliance with STAR development review timelines.

- Traffic and Safety Services – provides a safe travel environment for users of roads, sidewalks and public laneways by ensuring that the City’s transportation network is used safely and efficiently and in support of the Official Plan’s transportation objectives. Activities include traffic control systems, pavement markings and red light camera operations. Service levels include high priority response to equipment failure within 90 minutes 90% of the time and low priority calls by the next business day and maintenance of 2,010 traffic control signals and 600 pedestrian crossovers.
- Infrastructure Management – Manages and plans the City’s transportation infrastructure in order to support sustainable transportation options that promote the Official Plan and Council’s Climate Change initiatives. Activities include infrastructure planning, operation planning and policy and pedestrian and cycling infrastructure.
- District Management and Overhead – coordinates and manages services provided by the Division to the various districts of Toronto/East York, Etobicoke/York, North York and Scarborough.
- Program Support – provides professional and technical support to Transportation Services in the delivery of service to the public.

## Recommendations

The City Manager and Chief Financial Officer recommend that:

1. the 2008 Recommended Operating Budget for Transportation Services of \$259.485.2 million gross and \$166.655 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Roadway Services	127,237.1	94,865.7
Roadside Services	51,126.7	26,775.3
Traffic Planning/Right-Of-Way Management	18,232.7	(5,393.1)
Traffic and Safety Services	44,321.9	40,026.7
Infrastructure Management	16,510.4	13,622.6
District Management & Overhead	1,269.7	(2,228.9)
Technical & Program Support	786.2	(1,013.8)
Total Program Budget	<u>259,485.2</u>	<u>166,654.5</u>

2. the Deputy City Manager for Citizen Centred Services “B” and the General Manager of Transportation Services report to the Public Works and Infrastructure Committee early in 2008 on the success of the Red Light Camera program, the status of Phase 2 expansion and requirements for future proposed phases; and,
3. the General Manager of Transportation Services report back to Budget Committee during the 2008 Operating Budget process on the finalization of the organizational structure and scope of the Public Realm Office.

### Section A: 2007 Budget Variance Analysis

**Table 2: 2007 Budget Variance Review**

	2006 Actuals	2007 Approved Budget	2007 Projected Actuals*	2007 Appvd. Budget vs Projected Actuals Variance	
(In \$000s)	\$	\$	\$	\$	%
<b>GROSS EXP.</b>	243,872.2	255,879.7	251,133.8	(4,745.9)	(1.9)
<b>REVENUES</b>	81,298.4	90,312.6	86,426.7	(3,885.9)	(4.3)
<b>NET EXP.</b>	162,573.8	165,567.1	164,707.1	(860.0)	(0.5)
<b>Approved Positions</b>	1,366.3	1,300.6	1,150.6	(150.0)	(11.5)

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

### 2007 Experience

Transportation Service's Third Quarter Variance Report is projecting net expenditures of \$164.707 million by year-end. This represents a positive variance of \$0.860 million or 0.5% of the Program's 2007 Approved Operating Budget of \$165.567 million net.

Gross expenditures are projected to be \$4.746 million underspent by year-end. In addition, revenues will be underachieved by \$3.886 million. Significant variances are:

- Cost containment measures implemented in the second half of 2007 are projected to result in \$3.202 million savings by year-end.
- Delays in the deployment of red light cameras and savings in materials and supplies are projected to generate expenditure savings of \$1.300 million
- Utility costs are expected to be \$0.425 million under budget mostly due to savings resulting from the progressively increasing use of light emitting diode (LED) traffic lamps.
- Revenue shortfalls of \$3.750 million mostly due to the lower than anticipated utility cut repair activity resulting in a savings of \$3.210 million for utility cut expenditure in 2007.
- Higher than expected fuel and fleet maintenance costs are expected to further erode cost containment savings by \$1.400 million.

## 2007 Cost Containment Savings

As discussed above, Transportation Services expects to achieve cost containment savings of \$3.202 million in 2007 through the measures itemized in the table below. Transportation Services will continue with \$0.325 million in cost containment savings from 2007 in 2008 as recommended reductions.

Net Cost Containment Savings	2007 (\$000s) Savings	2008 (\$000s) Continued Savings	Comments
<b>Hiring Freeze Savings:</b>	(847.7)		One-time
<b>Service Level Adjustments:</b>			
Clean and Beautiful Secretariat - Elimination of the Neighbourhood Appreciation Awards and the Partner Awards	(107.5)		One-time
Reduce Roadside Grass Cutting by one	(192.5)		One-time
Roadway/Mechanical Leaf Pick-up only 1 of 2 collections	(125.0)	(125.0)	Recommended reduction for 2008 to eliminate service.
Roadway/Driveway Windrow not clear for less than 15 centimeters	(600.0)		One-time
Roadside/Mechanical Sidewalk Snow Clearing on Local Roads for snowfalls of less than 15 centimeters	(400.0)		One-time
Roadway/Roadside Winter Maintenance In-house Standby Costs - Revised Standby Policy for In-house Winter Maintenance Operations leading to slower response times to meet winter maintenance conditions	(200.0)	(200.0)	Recommended reduction for 2008 to reduce standby pay by 50%
<b>Sub-total</b>	<b>(1,625.0)</b>	<b>(325.0)</b>	
<b>Discretionary Savings:</b>			
Deferred/Cancelled Conferences	(15.0)		One-time
Deferred/Cancelled Seminars	(5.0)		One-time
Deferred/Cancelled Business Travel	(10.0)		One-time
Deferred/Cancelled Equipment	(100.0)		One-time
Deferred/Cancelled Supplies	(63.0)		One-time
Deferred/Cancelled Advertising and Production of Print Materials	(150.0)		One-time
Miscellaneous	(386.5)		One-time
<b>Sub-total</b>	<b>(729.5)</b>	<b>0.0</b>	
<b>TOTAL COST CONTAINMENT</b>	<b>(3,202.2)</b>	<b>(325.0)</b>	

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

- Utility cut repair activity is expected to continue to be lower than in past years and revenues and expenses have been adjusted accordingly leading to a net expenditure impact of \$0.540 million.
- Fleet maintenance and fuel charges will approximate 2007 actual levels and an allocation for the increased amounts has been included in the amount of \$1.227 million in the 2008 Recommended Operating Budget.
- Savings generated from the use of LED traffic signal lamps are reinvested by the budgeted contribution amount to the LED Reserve Fund in order that funds can be used to support a perpetual LED traffic signal lamp replacement cycle. It is forecasted that savings will continue to increase by \$0.278 million in 2008.



## Section B: 2008 Operating Budget Overview

### 3-Year Operating Budget Overview

Transportation Services is dedicated to safely, efficiently and effectively serving the mobility needs of Toronto's residents, businesses and visitors in harmony with its neighbourhoods and the environment. Transportation Services' strategic direction over the next 3 years is to maintain the established plan of providing a balanced approach to the delivery of public services while managing constrained resources.

To achieve this vision, the Program is structured along the following service lines:

SERVICE AREA	DESCRIPTION
Roadway Services	Provides year-round maintenance of roadway, bridge and public lane networks to ensure a safe, clean transport infrastructure for cyclists, transit users, vehicles and goods movement; minimizing the City's liability, preventing premature deterioration and minimizing more costly repairs over the lifecycle.
Roadside Services	Provides year-round maintenance of sidewalks, boulevards and walkways to ensure a safe, clean environment for pedestrians and other public right-of-way users; minimizing the City's liability, conducting timely repairs and contributing substantially to the enhancement of the pedestrian realm.
Traffic Planning/ Right of Way Management	Provides direct client-related services relating to development review, issuance of parking permits, permits for other activities within the City's road allowance. Plans, manages and enforces such activities within the right-of-way in a manner that balances the private interests while maintaining essential access and mobility for the various transportation modes. The Public Realm Organizational unit has the strategic responsibility and accountability for planning, designing and managing sidewalk spaces to achieve a beautiful, functional and safe public realm.
Traffic and Safety Services	Provides a safe travel environment for users of roads, sidewalks and public laneways by monitoring, analyzing and managing the safe and efficient use of the City's transportation network in support of the Official Plan's transportation objectives.
Infrastructure Management	Plans and manages the City's transportation infrastructure assets such as roads, sidewalks, bridges and cycling facilities and advances sustainable transportation options in support of the Official Plan and Council's Climate Change initiatives.
District Management & Overhead	District administration of Transportation Services operations.

Program Support	Professional and technical services and program support provided by the Technical Services and the Policy, Planning Finance & Administration divisions to carry out services performed by Transportation Services.
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Over the next 3 years, Transportation Services aims at optimizing deliverables in the following areas:

- Transportation Services will continue to focus on improvements in service delivery, including the harmonization of service levels across the City in response to Council directives and the need to adjust service delivery resources in order to reduce costs and to maintain and improve the level and type of services the division provides. As well the Transportation Services staff will be working with Toronto Water to implement a coordinated multi-year joint capital program.
- In keeping with Council's directive to improve the Public Realm, \$5.297 million is recommended for the 2008 Operating Budget in order to improve the aesthetics and manage spaces in the Public Realm. Some of the initiative include improving the landscaped areas adjacent to roadways as part of the Neighbourhood Beautification Demonstration projects in order to make the City more clean and beautiful. The Public Realm organizational unit will help manage Public Realm spaces including the rollout of over 3,500 harmonized street furniture elements in 2008.
- Infrastructure Maintenance: As stewards of the roadway network including expressway, arterial and local roads, the division is committed to ensure that the infrastructure assets are properly maintained and that public access is provided safely.
- Provide staffing and resources required to deliver sustainable transportation programs including pedestrian and cycling infrastructure to ensure conformity with the Official Plan and to support the Clean Air Climate Change Plan and the Bike Plan. A total of \$0.985 million is recommended in the 2008 Operating Budget to manage the implementation of various cycling infrastructure projects in 2008 including 90km of trails and lanes, installation of bicycle lockers and retrofit and installation of new secure bike rings.
- Continue to increase emphasis on environment management through the conversion to LED lights, PM 10 sweepers and Salt Management Plan.
- Provide enhanced emphasis on unit cost measurement to ensure efficient delivery of services.
- Developing a strategic plan.

## **Challenges and Issues**

Transportation Services is facing some key service delivery challenges including the following:

- The continued expansion of Red Light Camera operations is reflective of the Program's commitment to public safety and the efficient movement of people, goods and service. Providing this desired service will be a challenge due to the scale and logistics of implementing and operating the system. The expansion has been delayed due to necessary

changes in the regulations by the Ministry of Transportation over the past few years. Deployment of cameras will continue during 2008 and 2009 in order that a total 169 sites and 98 red light cameras are operational by the end of 2009.

- Continued aging of the transportation system infrastructure and associated increased maintenance cost impacts to the operating budget.
- Contract costs continue to rise higher than the rate of inflation; particularly for road repair activities.
- Over 3,500 new street furniture elements will be rolled out in 2008. The new Public Realm organizational unit will manage the large deployment of street furniture and implementation of neighbourhood beautification projects. This is both a large and challenging undertaking for Transportation Services.

### **Strategic Priorities**

The 2008 Recommended Operating Budget for Transportation Services directly advances, through a number of new/enhanced initiatives, the following strategic priorities outlined in Council's policy agenda:

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

Pedestrian and cycling infrastructure are provided to support the Climate Change Clean Air and Sustainable Energy Action Plan and the Bike Plan. A total of \$0.985 million is allocated to help implement 90 km of bike trails and lanes, bicycle lockers and rings approved in 2008 Capital Budget for Transportation Services. The Program will continue to increase emphasis on environment management through the conversion to LED lights, PM 10 sweepers and Salt Management Plan.

- ***Help Make the City More Clean and Beautiful:***

Transportation Services is responsible for making Toronto more clean and beautiful through the Neighbourhood Improvements Projects. A total investment of \$0.880 million in 2008. In addition a total of \$0.400 million is recommended in the 2008 Operating Budget to help clean up orphan spaces in areas adjacent to the City's streets and boulevards previously not properly maintained and to provide a consistent service level of all landscaped areas across the City. Finally over 3,500 street furniture items are to be deployed and managed by the Public Realm Organization unit as part of the harmonized street furniture program. The Public Realm unit will also assume the Clean and Beautiful City Secretariat functions in order to coordinate more efficiently and effectively activities designed to improve the Public Realm.

- ***Implementation of Sustainable Transportation Initiatives:***

On October 22, 23, 2007, Council adopted the recommendations contained in the report *Sustainable Transportation Initiatives: Short Term Proposals*. The report contained a number of sustainable transportation initiatives that could be implemented fairly quickly. Most of the short-term transportation initiatives recommended will be implemented from funding within the Approved 2008 Transportation Services Capital Budget. Staff and resources included in the 2008 Recommended Transportation Services Operating Budget will be involved in the implementation of

sustainable transportation initiatives such as assessing opportunities for narrowing of pavements in order to widen sidewalks, investigating feasibility options to improve cycling safety at intersections and undertaking a review of existing operations and regulations of High Occupancy Vehicle lanes in the City in order to suggest effective changes.

### 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>	255,879.7	258,827.5	2,947.8	1.2	1,559.0	0.0
<b>REVENUE</b>	90,312.6	92,173.0	1,860.4	2.1	1,749.0	(200.0)
<b>NET EXP.</b>	165,567.1	166,654.5	1,087.4	0.7	(190.0)	200.0
<b>Approved Positions</b>	1,300.6	1,301.2	0.6	0.0		
<b>NET TARGET</b>		<b>165,567.1</b>			<b>0.0</b>	<b>0.0</b>
<b>\$ Over / (Under) Program Target</b>		<b>1,087.4</b>			<b>(190.0)</b>	<b>200.0</b>
<b>% Over / (Under) Program Target</b>		<b>0.7%</b>			<b>-0.11%</b>	<b>0.12%</b>

### 2008 Recommended Base Budget

- The 2008 Recommended Base Budget of \$166.655 million net represents a \$1.087 million (0.7%) increase over Transportation Service's 2007 Approved Budget. The 2008 Recommended Base Budget reduces service levels through the reduction of response time for winter maintenance and elimination of mechanical leaf pick-up for a savings of \$3.665 million net. The remainder of the 2008 Recommended Base Budget will largely serve to maintain service levels in 2007 while at the same time managing the pressures such as merit and step increases, COLA adjustments and increases in non-labour economic factors in 2008.
- The 2008 Recommended Base Budget (gross) of \$258.828 million, reflects an increase of \$2.948 million or 1.2% compared to the 2007 Approved Operating Budget of \$255.880 million. The increase in gross expenditures results from merit and step increases, cost of living adjustments and non-salary inflationary increases. These have been partially offset by efficiencies and service level adjustments.
- The 2008 Recommended Base Budget revenues of \$92.173 million represent an increase of \$1.860 million or 2.1% compared to the 2007 Approved Operating Budget of \$90.313 million. This results from the annualized impact of funding from the Public Realm Reserve Fund for the Public Realm unit in the amount of \$3.405 million. Other increases in revenue include permit fee revenue activity at the North York district in the amount of \$0.500 million; other fees such as lease of City-owned right-of-way in the amount of \$0.482 million and Street Furniture revenue will begin contributing funds in 2008 to the Neighbourhood Improvement Project and the Clean and Beautiful Secretariat in the amount of \$1.079 million. The increase in revenues is partially offset by the reduction of recoveries from utility cut repairs in the amount of \$3.750 million due to lower anticipated activity.

- The 2008 Recommended Base Budget reflects a net increase of 0.6 positions compared to the 2007 approved complement of 1,300.6 positions. The net increase includes the deletion of 0.4 of an approved position for students due to organizational restructuring and an increase in 1 permanent position made necessary by the creation of a new afternoon sweeping shift in the Scarborough District.
- The new afternoon sweeping shift results from the realignment of sweeping operations across the City which has enabled the elimination of contracted services. The gross expenditure for 1 additional permanent position has been fully offset through the reduction of contracted services resulting in no net impact to the City.

**2008 Key Cost Drivers and Reduction Strategies**

- Base Budget inflationary increases amount to \$5.127 million net and include the following:
  - Wage and fringe benefit increases of \$2.216 million net. This results from adjustments of salary and benefit requirements to comply with 2008 union agreements and market rate changes for non-union positions.
  - Materials and supplies are expected to increase by \$2.911 million net. Commodity markets are forecasting strong inflationary growth in 2008 and beyond for many of the materials consumed by the Program in delivering Transportation Services.
- Other base budget changes include:
  - Merit/step increases in the amount of \$0.581 million net.
  - Operating costs resulting from the implementation of capital projects such as the new traffic system installations and RESCU system improvements in 2007 require funding operations in the amount of \$0.418 million net.
- The cost drivers noted above will be off-set by the following:
  - \$0.674 million net decrease in expenditures resulting from the reduction in contracted services in the Etobicoke York District and implementation of various efficiencies.
  - \$0.500 million increase in revenue resulting from construction permit revenues expected in the North York district.
  - \$0.495 million net decrease in expenditures resulting from the realignment of sweeping services combined with the elimination of contracted road sweeping in the Scarborough District.
  - \$1.079 million in new revenue from the Public Realm Reserve Fund will go to fund the Clean and Beautiful City initiative including Neighbourhood Improvement projects,
  - \$0.482 million in additional fees for lease of City –owned right of ways.

- Overall, the financial impact of the recommended budget adjustments results in an increase of \$4.752 million net over the 2007 Approved Operating Budget. To alleviate some of this expenditure impact, the 2008 Recommended Base Budget includes the following recommended service level changes in the amount of \$3.665 million net:
  - Revision in the winter maintenance stand-by policy for in-house staff resulting in savings of \$0.200 million.
  - The elimination of special mechanical leaf-pickup realizing of \$0.125 million in net savings for 2008.
  - Implementation of cost containment measures in Winter Maintenance that will generate savings of \$3.340 million in 2008.
- The revision to winter maintenance stand-by policy for in-house staff and elimination of special mechanical leaf-pickup service were first reduced in the latter part of 2007 as part the cost containment measures. It is now proposed that these services be completely eliminated in order to help reduce pressures that are less discretionary such as labour and the rising cost of materials and equipment that must be adjusted for inflation. Cost containment measures in winter maintenance involve a more critical analysis for each snowfall event in order to curtail any winter maintenance which would not have a negative safety impact. Cost containment measures in winter maintenance will generate additional savings of \$3.340 million.

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

- The 2009 and 2010 Outlooks maintain the projected 2008 level of service. In 2009, the full year impact of revising the winter standby policy for in-house staff will be realized resulting in further savings of \$0.600 million net. Budgeted reductions in contributions from the Road and Sidewalk Reserve are increased by \$0.200 million each year, resulting in a net incremental increase in costs for 2009 and 2010. Delays in the planned expansion for Red Light cameras in early 2008 will defer expenditures of \$0.210 million into 2009. Funding for the Public Realm Office and Clean and Beautiful initiatives are subject to review for 2010 and as a result the gross expenditures and revenues have not been included in the 2010 outlook.

### Section D: 2008 Recommended Service Priorities

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

Description	2008 Recommended		Rec. New Positions	Net Incremental Impact	
	Gross Exp.	Net Exp.		2009	2010
	\$	\$		\$	\$
<b>(a) Enhanced Service Priorities - Council Approved:</b>					
<b>(b) Enhanced Service Priorities - Program Initiated:</b>					
1 Orphan Spaces Clean-Up (IDC Parks)	400.0	0.0	1.0		
2 New Engineering Technologist/Technician	37.7	0.0			
3 Neighbourhood Beautification - Demonstration Projects	220.0	0.0			
<b>Sub-Total Enhanced Services</b>	<b>657.7</b>	<b>0.0</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>
<b>(a) New Service Priorities - Council Approved:</b>					
<b>(b) New Service Priorities - Program Initiated:</b>					
<b>Sub-Total New Service Priorities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Recommended New / Enhanced Service Priorities</b>	<b>657.7</b>	<b>0.0</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>

### 2008 Recommended New/Enhanced Summary

There are 3 recommended new/enhanced services priorities funded in the 2008 Recommended Operating Budget. The recommended services are primarily for improving service delivery, effectiveness of Transportation Services operations and enhancing the Public Realm. A summary of the enhanced service priorities at a cost of \$0.658 million gross and \$0 net for 2008 are summarized below.

### Recommended Enhanced Service Priorities - Program Initiated

#### Orphan Spaces Clean-Up (\$0.400 million gross and \$0 net)

Phased implementation of maintenance of landscaped orphan areas on City streets and boulevards as part of the Clean and Beautiful City Plan were initiated in 2005. Originally there were 360 sites identified and funding in the amount of \$1.200 million was identified to complete the work. A total of \$0.800 million was approved in 2005 and 2006 and approximately two-thirds of the identified locations have been completed. It is recommended that an additional amount of \$0.400 million be approved to complete the maintenance and control of vegetation for the remaining identified orphaned areas. The costs are fully funded from the Public Realm Reserve Fund.



**New Engineering Technologist/Technician (\$0.037 million gross and \$0 net)**

This recommended enhanced service provides 1 additional position to the permanent complement at a cost of \$0.037 million gross and \$0 net effective mid-2008 to conduct traffic plant electrical inspections which were previously performed as a contracted service. The gross cost of the additional permanent position will be annualized in 2009 with an increase in funding of \$0.040 gross and \$0 net. The recommended enhanced service will be funded by a recovery from the Approved 2008 Capital Budget. Bringing the position in-house will result in savings of \$0.020 million per year as compared to continuing this position as a contracted service. It is recommended that this position be brought in-house rather than contracted out.

**Neighbourhood Beautification – Demonstration Projects (\$0.220 million gross and \$0 net)**

The Clean and Beautiful Secretariat was transferred to Transportation Services on August 6, 2007. The Clean and Beautiful Secretariat was responsible for the delivery of Neighbourhood Beautification projects in 2007 at a cost of \$0.660 million or \$0.015 million per ward in order to support the strategic priority of improving the Public Realm. It is recommended that an additional \$0.220 million gross or \$0.005 million per ward, \$0 net in 2008 be approved as part of a four year plan to improve the Public Realm by making the City more clean and beautiful, increasing the allocation from \$0.015 to \$0.020 million per ward for the balance of the plan. It is recommended that these costs be fully funded from the Public Realm Reserve Fund.

## Section E: Issues for Discussion

### 2008 Operating Budget Issues

#### **Implementation of the Bike Plan:**

The 2007 Approved Operating Budget for Transportation included an increase of 4 permanent staff in order to accelerate implementation of the Bike Plan. For 2008, the 4 permanent staff will continue to implement 90 km of bike lanes and trails, bike lockers, bike rings and other various cycling infrastructure, in consultation with other City Program staff.

#### **Enhanced Neighbourhood Beautification Program (2007-2011):**

In 2007, a new 4-year Neighbourhood Beautification Program was implemented that extended the community participation portion of the Clean and Beautiful City initiative that was approved by Council in 2004.

Under this new initiative the neighbourhood beautification program will invest \$17.600 million over four years to create a fund that would be equal to \$0.100 million per ward, per year by 2008. The funds would be divided between \$0.080 million per ward, per year funded from the Capital Budget and \$0.020 million per ward, per year funded from the Operating Budget. Starting in 2008, operating funding would be increased from \$0.015 million to \$0.020 million per ward, per year. The operating portion of the Enhanced Neighbourhood Beautification Program is funded from the Public Realm Reserve. The Clean and Beautiful Secretariat will be part of the Public Realm office in 2008.

#### ***Program Administration***

The systems and processes for delivering the operating portion of the program are outlined in the following two types of projects, Community and Demonstration Projects. These projects are delivered in conjunction with other City divisions such as Parks Forestry and Recreation, Toronto Water, the Toronto Parking Authority, Transportation Services and Toronto Water.

***Community Projects:*** The program provides up to \$0.003 million in funding to community groups for a neighbourhood based community project per ward. The Clean and Beautiful Secretariat in consultation with the local Councillor allocate these funds to groups who propose projects that meet the following criteria; maximum visibility, simplicity and readiness to proceed, organized group of volunteers committed to maintenance, in-kind partnership donations on city owned lands and projects that can be implemented in a safe manner. Examples of Community Projects include planting murals, neighbourhood entrance signs or small scale art projects.

***Demonstration Projects:*** Represent larger scale projects that are designed to transform and enhance neighborhoods and are delivered by other City divisions or partners. Selection of projects are determined by City staff in consultation with local Councilors with final approval from the General Manager of Transportation. Funding for demonstration projects has increased from \$0.012 million to \$0.017 million per ward, per year in 2008. Examples of Demonstration Projects include boulevard

transformation, entrances to subway stations and projects that involve priority youth in upgrading the public realm.

## **Issues Referred to the 2008 Operating Budget Process**

### **Funding From Public Realm Reserve Fund:**

At its meeting of December 11, 12 and 13, 2007 City Council in the report *Coordinated Street Furniture Program – Revenues; and Establishment of a New “Public Realm” Reserve Fund* referred the following recommendations to be funded from the Public Realm Reserve Fund to the 2008 Operating Budget process:

7. Authorize amounts of up to \$3.598 million in 2008 for the Public Realm Office subject to the General Manager of Transportation submitting a Business Case in conjunction with the 2008 budget process.
- 11c. Clean and Beautiful City initiatives including administration, Ward-based community projects/demonstration projects and remaining installment to cover orphan space maintenance up to \$1.699 million.

Funding for the above recommendations has been included in 2008 Recommended Operating Budget for Transportation Services. However the finalization of the organizational structure and scope of the office will be completed during the 2008 Operating Budget process. It is recommended that the General Manager of Transportation Services report back to Budget Committee during the 2008 Operating Budget process on the finalized organizational structure and scope for the Public Realm Office.

## **Outstanding Issues from 2007 and Prior Years**

### **Red Light Camera Implementation**

On May 23, 24 and 25, 2006 City Council adopted as amended Clause 18 of Policy & Finance Report 4 entitled “Red-Light Camera Operations: Contract Extension and Request for Proposal 9148-05-5048 for the Supply, Installation, Operation and Maintenance of Red-Light Camera Systems Within the City of Toronto and Other Municipalities Within Ontario”.

This report authorized the extension of the contract with Affiliated Computer Systems for the operation and maintenance of the current red-light camera systems for an additional 2 years and the expansion of the City’s red light camera system by 132 camera sites and for the supply, installation, operation and maintenance of these red-light camera systems for a 5 year period by Trafficpax. During 2006, it was intended that 12 more camera sites in addition to the 37 existing camera sites (10 operational cameras) would be implemented within the City. Due to longer than anticipated delays in receiving the necessary regulatory amendments from the Ministry of Transportation, the camera systems planned for implementation by September 1, 2006 were not ready until November 2007.

As a result, both the anticipated fine revenue for Court Services and the associated contributions from partnering municipalities have been delayed. Transportation Services is planning to accelerate the deployment of red-light cameras along with the other partnering municipalities bringing the

expected total number of cameras to 126 across the GTA in 2008. The forecasted expansion of cameras in 2008 is expected to greatly increase the volume of offences and workload on the existing staff resources.

It is recommended the Deputy City Manager Citizen Centered Services “B” and the General Manager of Transportation Services report to Public Works and Infrastructure Committee early in 2008 on the success of the Red Light Camera program, the status of Phase 2 expansion and requirements for future proposed phases.

# 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>1,368.7</b>	<b>274,181.6</b>	<b>90,089.6</b>	<b>184,092.0</b>	<b>0.0</b>	<b>0.0</b>
In-year approvals and technical adjustments	(68.2)	(18,768.2)	223.0	(18,991.2)		
Corporate adjustments		466.3		466.3		
<b>2007 Approved Operating Budget</b>	<b>1,300.6</b>	<b>255,879.7</b>	<b>90,312.6</b>	<b>165,567.1</b>	<b>0.0</b>	<b>0.0</b>
Prior year impacts		3,455.9	3,038.0	417.9		
Zero base items				0.0		
Economic factors		6,098.6	389.9	5,708.7		
<b>Adjusted Base Budget</b>	<b>1,300.6</b>	<b>265,434.2</b>	<b>93,740.5</b>	<b>171,693.7</b>	<b>0.0</b>	<b>0.0</b>
Other base changes	0.6	(3,111.8)	(3,525.0)	413.2	210.0	
Base revenue changes		170.1	1,957.5	(1,787.4)	200.0	200.0
Recommended Service Level Adjustments:						
Service efficiencies		(200.0)		(200.0)	(600.0)	
Revenue adjustments						
Minor service impact		(125.0)		(125.0)		
Major service impact		(3,340.0)		(3,340.0)		
<b>Total Recommended Base Adjustments</b>	<b>0.6</b>	<b>(6,606.7)</b>	<b>(1,567.5)</b>	<b>(5,039.2)</b>	<b>(190.0)</b>	<b>200.0</b>
<b>2008 Recommended Base Budget</b>	<b>1,301.2</b>	<b>258,827.5</b>	<b>92,173.0</b>	<b>166,654.5</b>	<b>(190.0)</b>	<b>200.0</b>
<b>2008 Program Operating Target</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>165,567.1</b>	<b>0.0</b>	<b>0.0</b>
<b>% Over (Under) Program Target</b>				<b>0.7%</b>	<b>-0.1%</b>	<b>0.12%</b>
<b>% Over (Under) 2007 Appvd. Budget</b>				<b>0.7%</b>	<b>-0.1%</b>	<b>0.12%</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 (\$000s)

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Balance as of December 31, 2007	Proposed Withdrawals (-) / Contributions (+)		
			2008	2009	2010
		\$	\$	\$	\$
Fleet Replacement Reserve	XQ1015	(628.5)	2,599.2		
Light Emitting Diode (LED) Reserve Fund	XR1407	889.1	400.0		
Insurance Reserve	XR1010	24,027.8	12,217.1		
Road & Sidewalk Repair	XR1402	4,834.7	(1,800.0)	(1,600.0)	(1,400.0)
Public Realm Reserve Fund	XR1410	34,580.0	(10,497.0)	(12,550.0)	(8,540.0)
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>63,703.1</b>	<b>2,919.3</b>	<b>(14,150.0)</b>	<b>(9,940.0)</b>