

Analyst Briefing Notes

Budget Committee

(January 28, 2008)

2008 OPERATING BUDGET

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January 11, 2007

2008 OPERATING BUDGET**Executive Summary**

- The 2007 projected year-end net expenditure of \$16.223 million is \$0.041 million or 0.3% below the 2007 Approved Operating Budget of \$16.264 million net, as at September 30th, 2007.
 - Technical Services' is forecasting a decrease in year-end gross expenditures of \$3.161 million or 5.3% compared to the 2007 Approved Operating Budget of \$59.487 million, as at September 30th, 2007. The favourable variance is attributed primarily to salary savings from an average of 30 full-time vacant positions. Other factors include \$0.552 million in non-salary discretionary cost containment savings.
 - Technical Services' is reporting that year-end revenue will not be achieved and is forecasted to be approximately \$3.120 million or 7.2% below the 2007 Approved Operating Budget of \$43.224 million. Revenues from client programs are expected to be under-recovered by \$2.120 million. In addition, the Program is forecasting a shortfall in external recoveries from Development Engineering fees of 31% or \$1.000 million at year-end, due to lower than projected revenue from review of development applications.
 - Technical Services' is forecasting a vacancy rate of 30 approved full-time positions or 5% compared to the 2007 Approved Operating Budget complement of 598.6. The projected decline is largely due to the competitive labour market conditions in the Greater Toronto Area for engineering and technical staff.
- The 3-Year Operating Budget will advance the strategic direction of Technical Services which includes:
 - Providing professional design, planning, and project management services in the delivery of the City's capital works program for Toronto Water, Toronto Transit Commission, Transportation Services, and Solid Waste Management Services.
 - Establishing a financing mechanism for Development Engineering which will ensure full cost recovery for review of development applications.
 - Improving the overall coordination of the capital works program to increase completion from the current rate of approximately 70% to 80%.
 - Improving management oversight of construction contracts including internal auditing control and quality assurance.
 - Strengthening enterprise-wide emergency management coordination across all City Programs, Agencies, Boards, and Commissions.

- The 2008 Recommended Operating Budget, including new/enhanced service priorities, for Technical Services is 0.3% or \$0.049 million below the Program's 2008 target of \$16.264 million.

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
	\$	\$	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	59,487.3	56,326.7	59,678.4	673.0	60,351.4	864.1	1.5	1,216.9	700.0
REVENUE	43,223.6	40,104.0	43,473.0	663.8	44,136.8	913.2	2.1	664.0	0.0
NET EXP.	16,263.7	16,222.7	16,205.4	9.2	16,214.6	(49.1)	(0.3)	552.9	700.0
Approved Positions	598.6	568.6	590.6	14.0	604.6	6.0	1.0	0.0	0.0
TARGET			16,263.7		16,263.7				
\$ Over / (Under) Program Target			(58.3)		(49.1)				
% Over / (Under) Program Target			-0.4%		-0.3%				

- The 2008 Recommended Operating Budget is \$16.215 million net. This is comprised of base funding of \$16.205 million and funding for new/enhanced service priorities of \$0.009 million. Approval of the 2008 Recommended Operating Budget will result in the Program's staff increasing from 598.6 to 604.6 approved positions, reflecting a growth of 1% or 6 staff.
 - The 2009 Outlook includes provisions for merit and step net increases, net reduction for the additional work day added in 2008 and net incremental impacts from the addition of 14 permanent positions.
 - The 2010 Outlook includes provisions for merit and step net increases.
- The 2008 Recommended Operating Budget of \$16.215 million net will provide funding to enable the Program to provide professional design, planning, and project management services in the delivery of the City's capital works program and strengthen coordination of emergency management across all City Programs.
- The 2008 Recommended Operating Budget includes the following key costs drivers:
 - Salaries and benefits in 2008 will result in additional costs of \$0.833 million gross and \$0.294 million net, representing the Council approved 3.25% increase effective April 1, 2008.
 - Merit and step increases of \$0.865 million gross and \$0.306 million net based on a position-by-position analysis.
 - Additional salaries and benefits of \$0.156 million gross and \$0.055 million net for 1 additional work day in 2008.

- Economic non-labour inflationary pressures require \$0.044 million gross and \$0.015 million net.
- The key cost drivers noted above are fully defrayed by the following:
 - Internal reorganization /consolidation of cost centers resulting in savings of \$1.307 million gross and \$0.276 million net.
 - Increase in planned salary gapping of \$0.400 million gross and \$0.168 million net due to the approximately 30 vacant positions remaining to be filled as of January 1, 2008. Technical Services is currently completing a recruitment strategy which will limit the number of unfilled positions by mid-2008. The increase in salary gapping was implemented to meet the zero reduction target and will not recur in 2009.
- Technical Services' is facing a number of service delivery pressures due to the following:
 - External recruitment of qualified technical/engineering staff has been difficult as a result of overall market demand and other factors. The increase in unplanned gapping and the deferred hiring of staff may impact the capital works program completion rate.
 - Managing the significant increase in the capital works program estimated at 112% from 1998 to 2008, while attempting to improve the overall completion rate to 80%.
 - Development Engineering fees are projected to be approximately \$1.000 million lower than forecasted in the 2007 Approved Operating Budget.
 - Streamlining the Application Review Process (STAR) in compliance with the timeframes adopted by Council for review of development applications.
- Technical Services provides support to Transportation Services, Toronto Transit Commission, Solid Waste Management Services and Toronto Water for capital works that align with the strategic priorities of Council's policy agenda. Selected examples include the Clean and Beautiful City Secretariat, Wet Weather Flow Master Plan, Clean Air and Sustainable Energy Action Plan, improving the City's waterfront and improving stewardship of Toronto's ravines.

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. the 2008 Recommended Operating Budget for Technical Services of \$60.351 million gross and \$16.215 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Facilities & Structures	9,313.3	1,647.3
Survey & Mapping	20,183.9	3,281.1
Development Engineering	5,734.2	4,543.7
District Engineering	21,853.8	4,352.9
Office of Emergency Management	2,160.0	1,839.9
Program Administration	<u>1,106.0</u>	<u>549.5</u>
Total Program Budget	<u>60,351.4</u>	<u>16,214.6</u>

2. the Executive Director for Technical Services report to the Public Works and Infrastructure Committee prior to deliberations of the 2009 Capital Budget process on a strategy to manage delivery of capital works programs based on the planned and anticipated increase in the 5-Year Capital Plan.

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)	\$	\$	\$	\$	%
GROSS EXP.	53,295.2	59,487.3	56,326.7	(3,160.6)	(5.3)
REVENUES	50,121.3	43,223.6	40,104.0	(3,119.6)	(7.2)
NET EXP.	3,173.9	16,263.7	16,222.7	(41.0)	(0.3)
Approved Positions	618.2	598.6	568.6	(30.0)	(5.0)

Note: *Projections based on the Third Quarter Operating Budget Variance Report.

2007 Experience

Gross Expenditures: The 2007 year-end gross expenditure projection of \$56.327 million is under budget by \$3.161 million or 5.3% compared to the 2007 Approved Operating Budget of \$59.487 million, as at September 30th, 2007. The favourable variance is attributed primarily to salary savings from an average of 30 full-time vacant positions. Other factors include \$0.552 million in non-salary discretionary cost containment savings, as noted below.

Revenues: Technical Services' is reporting that year-end revenue will not be achieved and is forecasted to be approximately \$3.120 million or 7.2% below the 2007 Approved Operating Budget of \$43.224 million, as reported in the 3rd Quarter Operating Budget Variance Report. Revenues from client programs are expected to be under-recovered by \$2.120 million, resulting largely from the unfilled vacancies. In addition, the Program is forecasting a shortfall in external recoveries from Development Engineering fees of 31% or \$1.000 million at year-end, due to lower than projected revenue from review of development applications.

Net Expenditures: The Program is forecasting a decrease in year-end net expenditures of \$0.041 million or 0.3% below the budgeted amount of \$16.264 million. Cost containment savings were almost totally offset by under achieved revenues.

Approved Positions: Technical Services' is forecasting a vacancy rate of 30 approved full-time positions or 5% compared to the 2007 Approved Operating Budget complement of 598.6. The projected decline is largely due to the competitive labour market conditions in the Greater Toronto Area for engineering and technical staff.

2007 Cost Containment Savings

Technical Services' cost containment measures are projected to result in savings of \$1.082 million gross or 34% of the total forecasted year-end gross expenditure favourable variance of \$3.161 million gross, as at September 30th, 2007. Hiring freeze/increased gapping results in savings from salaries and benefits of \$0.530 million gross. Non-salary discretionary spending savings are \$0.552 million gross, as noted below. These savings were offset by under achieved revenues.

Net Cost Containment Savings	2007 (\$000s) Savings	2008 (\$000s) Continued Savings	Comments
Hiring Freeze Savings	530.0		One-Time
Sub-Total	530.0	0.0	
Discretionary Savings			
Deferred/Cancelled Consulting Contracts	105.0		One-Time
Deferred/Cancelled Conferences	76.8		One-Time
Deferred/Cancelled Seminars	99.3		One-Time
Deferred/Cancelled Business Travel	23.8		One-Time
Deferred/Cancelled Equipment	60.9		One-Time
Deferred/Cancelled Furniture	14.2		One-Time
Deferred/Cancelled Supplies	81.3		One-Time
Deferred/Cancelled Advertising and Production of Print Materials	34.0		One-Time
Miscellaneous	56.7		One-Time
Sub-Total	552.0	0.0	
TOTAL COST CONTAINMENT	1,082.0	0.0	

Impact of 2007 Operating Variance on the 2008 Recommended Budget

Technical Services' projected favourable variance in 2007 gross expenditures of \$3.161 million gross or 5.3% will not be maintained in 2008. A large proportion of the gross expenditure favourable variance, as noted above, is attributed to higher than planned salary gapping for vacant positions. In 2008, plans are to complete a recruitment strategy that will accelerate the hiring process and allow Technical Services to maintain service levels.

The Program is also forecasting a shortfall in external recoveries from Development Engineering fees of approximately \$1.000 million at year-end. The decline in revenue from Development Engineering fees is expected to continue in the 2008, estimated at \$1.017 million, which have been adjusted in the 2008 Recommended Operating Budget.

Section B: 2008 Operating Budget Overview

3-Year Operating Budget Overview

Technical Services operates as a central-service provider of technical support to Cluster “B” Programs, which primarily include Toronto Water, Toronto Transit Commission, Solid Waste Management Services, and Transportation Services. In addition, Technical Services provides support to other City Programs and a limited number of private sector organizations, such as development companies, utility companies and construction contractors.

The Program is comprised of 5 units, as outlined below. The costs associated with providing the services are recovered at the program level. Recoveries consist of transfers from capital funds, as well as service charges to outside organizations.

- **Survey and Mapping:** Provides professional surveying and mapping products and support. Mapping products, street naming, and municipal numbering services are available to the public on a cost recovery basis. These products and services support many of the engineering, design, construction and maintenance activities, legal and real estate activities and other land-related activities that occur throughout the City.
- **Development Engineering:** Delivers engineering expertise for the planning, servicing, and construction of new developments across the City.
- **Toronto Office of Emergency Management:** Coordinates emergency and disaster activities as part of the City's Emergency Management Plan. The Office is responsible for developing programs and plans to prevent and reduce the vulnerability of residents to man-made and natural disasters.
- **Facilities and Structures:** Provides engineering design and construction management.
- **District Engineering Services:** Responsible for the delivery of the City's capital program, developing and updating Standards, Policy and Quality Assurance (SPQA), management of utility installations and technical support with engineering studies and environmental assessments.

Over the next 3 years, the Program's Operating Budget will advance Technical Services' strategic directions:

- Providing professional design, planning, and project management services in the delivery of the City's capital works program for Toronto Water, Toronto Transit Commission, Transportation Services and Solid Waste Management Services.
- Establishing a financing mechanism for Development Engineering which will ensure full cost recovery for review of development applications.
- Improving the overall coordination of the capital works program to increase completion from the current rate of approximately 70% to 80%.

- Improving management oversight of construction contracts including internal auditing control and quality assurance.
- Strengthening enterprise-wide emergency management coordination across all City Programs, Agencies, Boards, and Commissions.

The 2009 and 2010 Outlook provides funding which will advance the strategic initiatives outlined above at 2008 service levels. The forecasted increase in gross expenditures for 2009 and 2010 is estimated at 1.1% compared to 2008.

Challenges and Issues

Technical Services is facing a number of service delivery pressures due to the following:

- External recruitment of qualified technical/engineering staff has been difficult as a result of overall market demand and other factors. The increase in unplanned gapping and the deferred hiring of staff may impact the capital works program completion rate.
- Managing the significant increase in the capital works program estimated at 112% from 1998 to 2008, while attempting to improve the overall completion rate to 80%.
- Development Engineering fees are projected to be approximately \$1.000 million lower than forecasted in the 2007 Approved Operating Budget, a trend expected to continue in the future.
- Streamlining the Application Review Process (STAR) in compliance with the timeframes adopted by Council for review of development applications.

Strategic Priorities

Technical Services provides support to Transportation Services, Toronto Transit Commission, Solid Waste Management Services and Toronto Water for capital works that align with the strategic priorities of Council's policy agenda, selected examples include the Clean and Beautiful City Secretariat, Wet Weather Flow Master Plan, Clean Air and Sustainable Energy Action Plan, improving the City's waterfront and improving stewardship of Toronto's ravines.

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
	\$	\$	\$	%	\$	\$
GROSS EXP.	59,487.3	59,678.4	191.1	0.3	543.7	700.0
REVENUE	43,223.6	43,473.0	249.4	0.6	0.0	0.0
NET EXP.	16,263.7	16,205.4	(58.3)	(0.4)	543.7	700.0
Approved Positions	598.6	590.6	(8.0)	(1.3)	0.0	0.0
NET TARGET		16,263.7			0.0	0.0
\$ Over / (Under) Program Target		(58.3)			0.0	0.0
% Over / (Under) Program Target		-0.4%			0.0%	0.0%

2008 Recommended Base Budget

- The 2008 Recommended Base Budget gross of \$59.678 million reflects an increase of \$0.191 million or 0.3% compared to the 2007 Approved Operating Budget of \$59.487 million. The key cost drivers are summarized below.
- The 2008 Recommended Base Budget revenues of \$43.473 million are \$0.249 million or 0.6% higher than the 2007 Approved Operating Budget of \$43.224 million. The growth in revenues is driven primarily from the forecasted increase in recoveries from client programs for the provision of professional design, planning and project management services in delivering the City's capital works program.
- The 2008 Recommended Base Budget net of \$16.205 million represents a decrease of \$0.058 million or 0.4% compared to the 2007 Approved Operating Budget of \$16.264 million. The favourable variance is attributed largely to the growth in revenues from the forecasted increase in capital recoveries.
- The 2008 Recommended Base Budget includes a reduction of 8 positions or 1.3% compared to the 2007 Approved Operating Budget complement of 598.6 positions. The decrease is due to the internal reorganization within District Engineering and Survey and Mapping Units, resulting in a net reduction of 8 positions.

2008 Key Cost Drivers and Reduction Strategies

The 2008 Recommended Operating Budget includes the following key costs drivers:

- Salaries and benefits in 2008 will result in additional costs of \$0.833 million gross and \$0.294 million net; representing the Council approved 3.25% COLA increase effective April 1, 2008.
- Merit and step increases of \$0.865 million gross and \$0.306 million net based on a position-by-position analysis.
- Additional salaries and benefits of \$0.156 million gross and \$0.055 million net for 1 additional work day in 2008.
- Facilities and Real Estate Services' interdivisional charges are forecasted to increase by \$0.662 million for maintenance and security at the Toronto Water Centre.
- Economic non-labour inflationary pressures require \$0.044 million gross and \$0.015 million net.

The key cost drivers noted above are fully defrayed by the following:

- Internal reorganization /consolidation of cost centers resulting in savings of \$1.307 million gross and \$0.276 million net.
- Increase in planned salary gapping of \$0.400 gross and \$0.168 net due to the approximately 30 vacant positions remaining to be filled as of January 1, 2008. Technical Services is currently completing a recruitment strategy which will limit the number of unfilled positions by mid-2008. The increase in salary gapping was implemented to meet the zero reduction target and will not reoccur in 2009.

2009 and 2010 Outlook: Net Incremental Impact

The 2009 Outlook includes provisions for merit and step net increases and net reduction for the additional work day added in 2008.

The 2010 Outlook includes provisions for merit and step net increases.

Section D: 2008 Recommended Service Priority

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
	\$	\$		\$	\$
(a) Enhanced Service Priorities - Council Approved:					
(b) Enhanced Service Priorities - Program Initiated:					
Sub-Total Enhanced Services	-	-	-	-	-
(a) New Service Priorities - Council Approved:					
(b) New Service Priorities - Program Initiated:					
Project Engineer-Structures & Expressway Unit	44.8		1.0		
Payment Clerk	31.8	9.2	1.0	9.2	
New Senior Project Engineers	192.6		3.0		
Additional Resources to Deliver Toronto Water's Capital Program	123.8		4.0		
Project Engineers to Manage Increased Capital Program	102.5		2.0		
Capital Delivery/Improve Businesses Process	177.5		3.0		
Sub-Total New Services	673.0	9.2	14.0	9.2	-
Total Enhanced/New Services	673.0	9.2	14.0	9.2	-

Recommended New Services – Program Initiated:

Project Engineer-Structures and Expressways Unit

Funding for this new service level priority provides 1 additional permanent position at a cost of \$0.045 million gross and \$0 million net for 6 months, effective June 1, 2008. The incremental cost in 2009 will be \$0.045 million gross and \$0 million net. Funding will be recovered from the Transportation Services' 2008 Capital Budget and 2009-2012 Capital Plan.

The Project Engineer will manage annual bridge maintenance contracts and other related activities. This position will also assist with the current workload for delivery of the capital program. Increased capital expenditures and additional work assignments repairing retaining walls and noise barrier walls have increased the pressures and demands on the Facilities and Structures Division of Technical Services administering Transportation Services' capital contracts.

New Senior Project Engineers

This new service level priority provides funding for an additional 3 permanent positions at a cost of \$0.193 million gross and \$0 million net for 6 months, effective June 1, 2008. Incremental costs in 2009 will be \$0.193 million gross and \$0 million net.

The 3 Senior Engineers will respond to the increased workload from Toronto Water's capital program. Technical Services has indicated that Senior Project Engineers are currently working on average, 10 hours per day, to complete the necessary work to administer and maintain contracts. Funding is included in the Toronto Water 2008 Capital Budget and 2009-2012 Capital Plan for these positions.

Additional Resources to Deliver Toronto Water's Capital Program

This new service level priority includes funding for 4 permanent positions at a cost of \$0.124 million gross and \$0 million net for 6 months, effective June 1, 2008. Incremental costs in 2009 will be \$0.124 million gross and \$0 million net.

The 4 Engineering Technologist Technician 3 positions will assist in the delivery of the watermain replacement and basement flooding remediation programs for Toronto Water. District Engineering Services has experienced a large increase in the volume of water services being replaced which requires the collection of information concerning the size, location, and type of underground infrastructure. The costs will be fully recovered from Toronto Water's 2008 Capital Budget and 2009-2012 Capital Plan.

Project Engineers to Manage the Increased Capital Works Program

This new service level priority provides funding for 2 permanent positions at of cost of \$0.103 million gross and \$0 million net for 6 months, effective June 1, 2008. Incremental costs in 2009 will be \$0.103 million gross and \$0 million net.

The 2 Project Engineers will manage projects for Toronto Water's basement flooding program. Toronto Water has identified 31 separate basement flooding areas predominantly in the North York District which will lead to a large volume of work. In addition, the positions will assist with Toronto Water's capital works program. Funding is included in the Toronto Water 2008 Capital Budget and 2009-2012 Capital Plan for this Program.

Additional Staff for Capital Delivery and Improving Business Processes

This new service level priority provides funding for 3 permanent positions at a cost of \$0.178 million gross and \$0 million for 6 months, effective June 1, 2008. Incremental costs in 2009 will be \$0.178 million gross and \$0 million net. The costs will be 60% recovered from the Toronto Water 2008 Capital Budget and 2009-2012 Capital Plan and 40% recovered from the Transportation Services 2008 Capital Budget and 2009-2012 Capital Plan.

The priority includes 1 Manager and 2 Senior Engineers for the Survey and Mapping Unit to improve capital program delivery for both Toronto Water and Transportation Services.

Payment Clerk

Funding for this new service level priority provides 1 additional permanent position at a cost of \$0.032 million gross and \$0.009 million net for 6 months, effective June 1, 2008. The incremental cost in 2009 will be \$0.032 million gross and \$0.009 million net.

The Payment Clerk will assist with the increased volume of contract progress payments. There is currently a necessity to have staff work overtime to manage the current workload.

Section E: Issues for Discussion**2008 Operating Budget Issues****2007 Projected Unfilled Vacancies**

Technical Services' projected year-end approved complement indicates that the Program has an average of 30 vacancies, as at September 30th, 2007. These vacancies are occurring in the District Engineering Services, Facilities and Structures and Survey and Mapping. The increased gapping and the deferred hiring of new staff may negatively impact the capital works program and Streamlining the Application Review process time, as outlined below.

Capital Works Program

A majority of the vacant positions are directly related to the delivery of the capital works program. The vacancies are primarily for designers, inspectors, project engineers, and senior engineers that provide the skills to deliver an effective capital works program. Maintaining the current vacancy rate may impair the Program's ability to maintain the capital works program completion rate of approximately 70%.

Streamlining the Application Review Process

Streamlining the Application Review process (STAR) timeframes established by Council set a standard for staff review and comment on development applications of 95% within an average of 30 days. In 2006, Technical Services met the standard 57% of the time, compared to 65% in 2005. The decline in response time has been linked to a lack of staff, as noted above. In addition to reviewing and providing comment on developers' applications, existing staff are also responsible for case management of the development throughout engineering design, plan approval, construction and compliance verification.

In 2007, one of Technical Services' objectives was to develop a recruitment strategy. Human Resources Strategic Services was engaged in the process to assist in formulating a strategic hiring plan for the Program. The plan, which will include a recruitment strategy, is intended to address employee retention, organizational structure, staff development, career paths, and other long term issues. To date, a needs assessment has been completed. It is anticipated that significant progress will be made on the plan early in 2008.

Outstanding Issues from 2007 and Prior Years**Utility Mapping Staff**

The Program's 2007 Recommended Operating Budget included \$0.070 million gross \$0 million net for the Council approved new service priority for utility mapping. This priority required funding for 2 staff to maintain City utility records in good order and to build the utility inventory to manage the diminishing subsurface space in the road allowance.

Third party funding was the intended mechanism to support this Council approved new priority in the Technical Services 2007 Recommended Operating Budget. As part of the 2007 Operating Budget process, Council recommended that the implementation of the utility mapping program be subject to Technical Services obtaining Council approval of the proposed new fee charge for road utility cut inclusive of administration fees by June 2007.

The report to Council is pending discussions between Technical Services and Transportation Services regarding specifications for the initiative.

Toronto's Joint Chemical, Biological, Radiological and Nuclear (CBRN) Response Team

Prior to 2007, funding was provided for the Joint CBRN Response Team through the Emergency Management Planning Reserve. The Joint CBRN Response Team was included in the Technical Services' 2006 Approved Operating Budget at \$0.643 million gross and \$0 million net. The Emergency Management Planning Reserve was depleted by the end of 2006. The costs for this service were fully funded from the municipal property tax base, creating a net pressure of \$0.348 million gross and net.

The Federal government has funded, in the past, a major portion of emergency preparedness through the Joint Emergency Preparedness Program (JEPP) Grants. Given that the Emergency Management Planning Reserve was depleted by the end of 2006, it is recommended as part of the 2007 Operating Budget approval process that the Executive Director of Technical Services seek Federal government funding for the Joint CBRN Response Team as part of emergency preparedness and report back to the Public Works and Infrastructure Committee in September of 2007 with a progress report.

The Program will forward the report to Public Works and Infrastructure Committee during the first quarter of 2008.

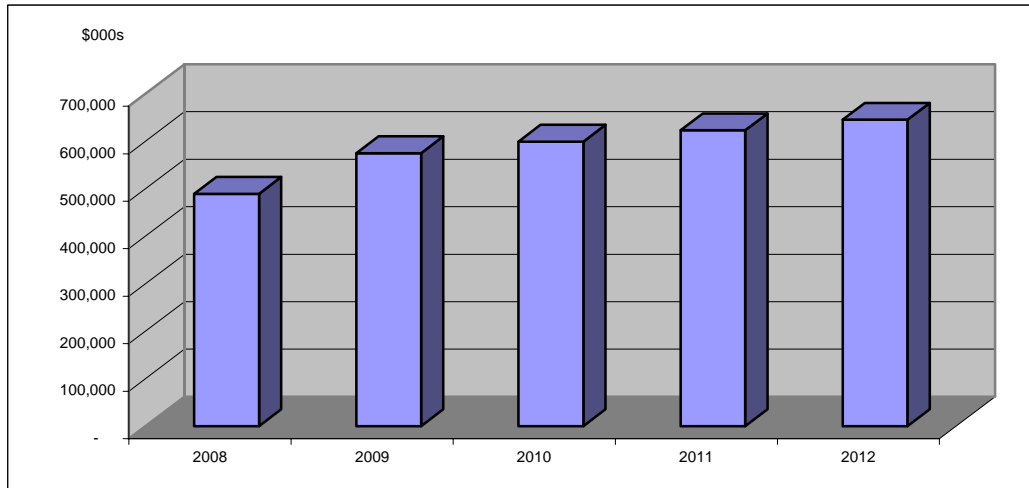
Future Year Issues

Capital Works Program

Over the next 5-years, capital works delivery by Technical Services is forecasted to increase significantly, as outlined in the chart below. The chart incorporates the Approved 5-Year Capital Plans for Toronto Water and Transportation Services adjusted for the proportion of funding which will be managed by Technical Services. The capital works program is an aggressive undertaking, increasing from \$488.573 million in 2008 to \$645.261 million in 2012, representing a growth of 32% or \$156.687 million. The chart does not include funding for the Toronto Transit Commission's Transit City Initiative.

A majority of the 30 current vacant positions are for delivery of the capital works program. The vacancies are primarily for designers, inspectors, project engineers and senior engineers that provide the skills to deliver an effective capital works program. With the capital works program projected to increase significantly over the next 5 years, filling vacant positions is of critical importance. Maintaining the current vacancy rate may limit the Program's ability to maintain the capital works program completion rate in future years. It is therefore recommended that:

the Executive Director for Technical Services report to the Public Works and Infrastructure Committee prior to deliberations of the 2009 Capital Budget process on a strategy to manage delivery of capital works programs based on the planned and anticipated increase in the 5-Year Capital Plan.



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
		\$	\$	\$	\$	\$
2007 Council Approved Operating Budget	622.8	62,530.4	59,389.9	3,140.5	0.0	0.0
In-year approvals and technical adjustments	(24.20)	(3,043.1)	(13,984.4)	10,941.3		
Corporate adjustments		(0.0)	(2,181.9)	2,181.9		
2007 Approved Operating Budget	598.6	59,487.3	43,223.6	16,263.7	0.0	0.0
Prior year impacts		865.2	559.7	305.5		
Zero base items						
Economic factors		876.1	566.8	309.3	700.0	700.0
Adjusted Base Budget	598.6	61,228.6	44,350.1	16,878.5	700.0	700.0
Other base changes	(8.00)	(1,550.2)	(1,161.9)	(388.3)	(156.3)	
Base revenue changes			284.8	(284.8)		
Recommended Service Level Adjustments:						
Service efficiencies						
Revenue adjustments						
Minor service impact						
Major service impact						
Total Recommended Base Adjustments	(8.0)	(1,550.2)	(877.1)	(673.1)	(156.3)	0.0
2008 Recommended Base Budget	590.6	59,678.4	43,473.0	16,205.4	543.7	700.0
2008 Program Operating Target				16,263.7		
% Over (Under) Program Target				-0.4%		
% Over (Under) 2006 Appvd. Budget				-0.4%		

Appendix 3

Summary of 2008 Recommended New / Enhanced Service Priorities

Appendix 4

Inflows / Outflows to / from Reserves & Reserve Funds

Reserve / Reserve Fund Number	Reserve / Reserve Fund Number	Balance as of December 2007 \$	Proposed Withdrawals (-) / Contributions (+)		
			2008 \$	2009 \$	2010 \$
Vehicle Reserve	XQ1016	183,512.0	236,000.0		
Insurance Reserve Fund	XR1010	24,027,844.0	570,000.0		
Total Reserve / Reserve Fund Draws / Contributions		24,211,356.0	806,000.0	0.0	0.0