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1999 Preliminary Operating Budget Outlook

Presentation to
City of Toronto Council

Toronto

November 25, 1998



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Why We're Here

- ◆ Preliminary 1999 Outlook
- ◆ Many initiatives underway:
 - ◆ program areas developing submissions
 - ◆ standing committees examining service levelling
 - ◆ task forces / special committees considering options
- ◆ Bring together potential impact of decisions

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Reminder of Tax Revenue Constraints for 1999 and 2000

1% Increase
Raises
\$9.4M*

(*tax increase applies to single family residential taxpayers only)

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4 Preliminary Expenditure Pressures & Revenues

Expenditure Pressures

1. Provincial Downloading	\$142M
2. Absolute Commitments	\$25M → ?
3. Current Service Priorities	\$30M → \$70M
4. Service Expansion Requests	\$5M → \$25M
5. Harmonization up (excluding wages*)	\$50M → 100M
(*1% wage increase = \$25M)	

Preliminary Expenditure Pressures

\$252M → \$362M

Cost Savings

a. Non Program Revenues	(\$30M) → (\$20M)
b. Restructuring Savings	(\$75M) → (\$60M)
c. Other Potential Reductions	(\$55M) → (\$15M)

Potential Revenues / Savings

(\$160M) → (\$95M)

Shortfall

\$92M → \$267M

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Revised



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Provincial Downloading Ongoing Pressure

◆ Service Transfers

◆ 1998 shortfall	\$109M
◆ new pressures	<u>\$2M</u>
	\$111M

◆ 1999 TTC Subsidy Loss

◆ increase in capital from current	\$25M
◆ additional debt charges	<u>\$6M</u>
	\$31M

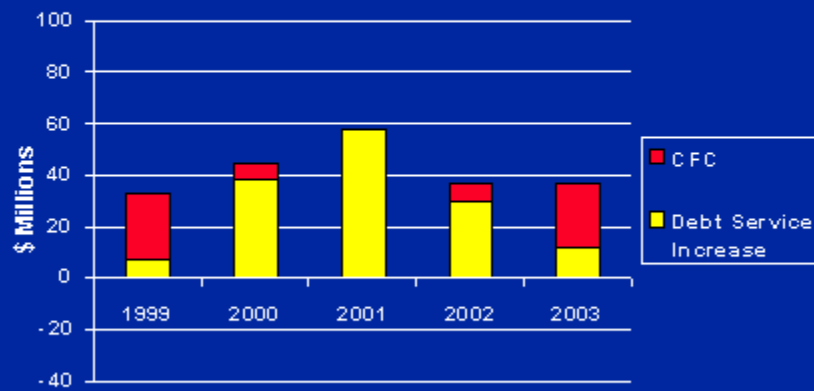
◆ *Total* *\$142M*

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Annual Operating Impact of 1999 Capital Program

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Absolute Commitments

- ◆ Absolute Commitments - \$25M - ?
 - ◆ firm 1998 commitments impacting 1999
 - Police wage settlements
 - Zoo wage settlements
 - Blue Box Fibre Revenue Loss
 - School Rental for daycare
 - Opening of Robertson House

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Current Service Priorities

- ◆ Current Service Priorities \$30M - \$70M
 - priority program pressures under review :
 - Revenue losses
 - Operating costs of 1998 capital budget
 - Winter maintenance reserve fund contribution
 - TTC
 - Police
 - Fleet purchases & contributions to reserves
 - Major maintenance
 - Keele Valley Slow Fill

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Service Expansion Requests

- ◆ Service Expansion Requests \$5M - \$25M
 - areas where Council has recommended funding plus other pressures
 - Health
 - Volume Increases for Hostels
 - Children's Services
 - Special Events
 - Police
 - Wheel Trans

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Planned Restructuring Savings*

	<u>1998</u>	<u>1999</u>	<u>2000</u>
	\$M	\$M	\$M
Orgn restructuring	50	65	15
◆ Service rationalization		5	5
◆ Service harmonization		5	5
◆ Total (\$150M)	<u>50</u>	<u>75</u>	<u>25</u>
Cumulative Savings:	50	125	150

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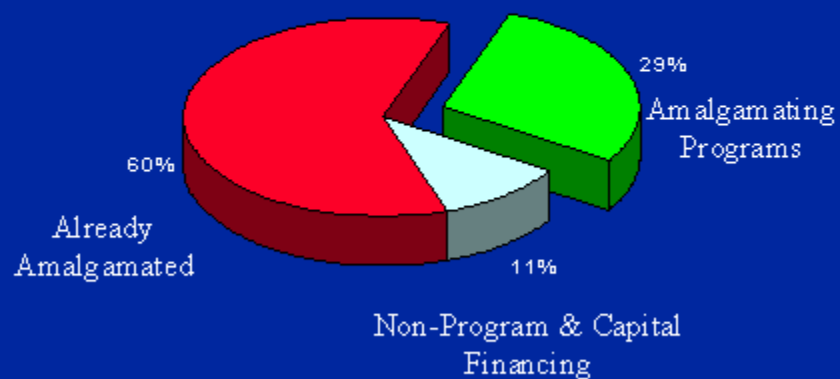
(*estimated)



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Only 29% of \$6.1 B Tax Programs are Amalgamating

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12 Preliminary Expenditure Pressures & Revenues

Expenditure Pressures

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Preliminary Expenditure Pressures \$252M → \$362M

Cost Savings

a. Non-Program Revenue	(\$30M) → (\$20M)
b. Restructuring Savings	(\$75M) → (\$60M)
c. Other Potential Reductions	(\$55M) → (\$15M)
d. Provincial Assistance	(\$?M)
e. Alternative Service Delivery	(\$?M)
f. Service Levelling Down	<u>(\$?M)</u>

Potential Revenues / Savings (\$160M) → (\$95M) + (?)

Revised

Shortfall

\$92M → \$ 267M (?)



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Cost Reductions – Staff

- ◆ Proceed aggressively to meet Year 2 (\$75M) restructuring target
- ◆ cut some of the lowest priority items from departments, agencies, boards & commissions budget submissions

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Cost Reductions – Council

- ◆ Council decisions required on:
 - ◆ service levels
 - ◆ user fees
 - ◆ wage settlements
 - ◆ Alternative Service Delivery
 - ◆ disposal of assets
 - ◆ provincial assistance

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2000 Preliminary Pressures

◆ Provincial Downloading	\$111M
◆ Additional Debt Charges	\$57M
◆ Service Levelling & Harmonization	\$?M
◆ Wage Settlements	\$?M
◆ Capital	\$?M
◆ Other Service Issues	\$?M

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