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Toronto's budget protects City services and supports residents and businesses *Budget reflects the role of City government and responds to economic outlook*

The City of Toronto today introduced a 2009 operating budget that protects City services and provides help to those who need it most.

The proposed budget reflects the 24 hour / 7 day role that City government has in the protection of residents and provision of services. Local government provides the services that have the greatest impact on the quality of life in the city and therefore the budget that pays for those services must be supported with the investments required to continue their operation. This is especially important as the City works to meet the challenges of the downturn in the Canadian and world economies. The City's budget must also make carefully considered new investments to enhance existing programs and services to respond to the changing needs of the community that the Toronto government will serve in 2009. The budget provides critical support to residents through tax help programs for eligible seniors and low income households and directs funding to programming for job seekers, youth and seniors.

The operating budget also proposes some important new investments in key areas such as transit, community health and wellness, public spaces, customer service, civic engagement and combating climate change. The City's investment in these key areas is \$23.5 million and provides the City with a \$94 million total benefit as the City's investment is partnered with other governments. Highlights include:

- Improving transit service across the city through the TTC Ridership Growth Strategy
- Making the Streets to Homes program permanent
- Adding 35 new or enhanced programs for at-risk groups including seniors, youth, women and aboriginal youth in priority neighbourhoods
- Opening the City's new 311, 24-hour customer service contact centre
- Reducing wait times for EMS paramedics by adding nursing shifts in hospital emergency rooms
- Maintaining snow clearing and removal service
- Increasing the hours at Toronto Public Libraries under the self-service project
- Increasing the number of recreation programs at various community centres
- Rolling out 3,500 pieces of new street furniture
- Opening 70 km of additional bike lanes
- Increasing the City's tree canopy through increased plantings and maintenance
- Opening new and upgraded parks and playgrounds

The announcement of the proposed 2009 operating budget is in addition to the capital budget program that Council approved last December, which will invest \$25.9 billion over the next 10 years, creating or protecting 35,000 jobs this year and more than 300,000 over the next 10 years. In addition, the City is considering a freeze of TTC fares, development charges and waste collection fees in 2009.

"This is a critical time for our city," said Mayor David Miller. "We must protect the services and programs our residents and businesses have come to rely upon. This is especially important during a period of worldwide economic instability when our community will need City programs more than ever."

"The proposed budget maintains services and invests in the right areas," said Chair of the Budget Committee, Councillor Shelley Carroll. "Now is not the right time to cut programs and services. Instead, now is the time to direct our limited resources to the areas that can have the greatest impact during difficult times."

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After factoring in growth in the City's tax assessment, the City will raise an additional 2.5% from property taxes for a total of \$83 million. Residential taxpayers will contribute \$57 million of this increase and non-residential taxpayers will contribute \$26 million. A 4% property tax increase on residential properties will mean an annual increase of \$89 on a home with an assessed value of \$387,000.

The continued reduction of business property taxes is part of Toronto City Council's plan to enhance Toronto's business climate and is in addition to specific programs that the City has to support business such as Tax Increment Equivalent Grants, the Better Building Partnership, Energy Reduction Loan Program and the Heritage Incentives Capital Grant and Tax Rebate Programs.

The proposed budget includes user fee inflationary increases of approximately 3.7% for many programs, that currently include a fee to offset part of the cost of delivering a program or renting a facility. For example, the fee for a 12 week adult aquatic pass is going up \$3.50 (from \$94.50 to \$98). User fees in 2009 will account for \$396.3 million of the City's revenues and the proposed increase provides the City with \$6.6 million in additional revenue to pay part of the cost of programs. User fees make up 15% of the City's total revenues. User fees do not cover the full cost of providing programs. A full list of all proposed user fee increases is available at www.toronto.ca/budget2009

The proposed budget contains no rate increases to either the Land Transfer Tax (LTT) or Personal Vehicle Tax (PVT).

A key part of the proposed 2009 operating budget is the enhancement of programs that provide for the cancellation or deferral of property tax increases for low-income seniors and persons with disabilities.

Under the Property Tax Increase Cancellation Program, property tax increases for low-income seniors or persons with disabilities may be cancelled. In 2009, eligibility for the program will increase as the annual household income threshold rises from \$26,000 to \$30,000 per year and the assessment ceiling goes from \$454,000 to \$525,000. This enhancement to the program means that the number of eligible households will increase 20% over 2008.

Under the Property Tax Increase Deferral Program, property tax increases for low income seniors or persons with disabilities may be deferred. In 2009, eligibility for the program will also increase as the annual household income threshold is increased from less than \$40,000 to just under \$50,000. This program enhancement will mean that the number of eligible households will increase 35% over 2008.

The City also has a water rate rebate for low-income seniors and persons with disabilities.

Details on how to make an application under these programs will be announced when the final property tax bills are mailed to residents.

At the introduction of the proposed 2009 operating budget today, Mayor David Miller requested the City Manager to brief City Council quarterly on the key economic indicators that reflect how the City is performing and recommend the appropriate adjustments to the City's budget to ensure the City responds quickly to any changes in forecasted revenues or expenses.

"The programs and services the City provides demonstrate the value of public service to our community," said Toronto City Manager Joe Pennachetti. "The Toronto Public Service will continue to deliver the quality services which residents and businesses expect and will do so with the flexibility and compassion that the current economic situation demands."

"The City's proposed budget accounts for the recession and is therefore focused on protecting existing programs and services," said Acting Deputy City Manager and Chief Financial Officer Cam Weldon. "As well, the City is committed to continuing the business tax reduction program."

The proposed operating budget for 2009 totals \$8.7 billion. 32% of the City's budget pays the costs of provincially required and cost-shared programs. 17% of the budget goes to providing residents and businesses with police, fire and emergency medical services and 16% of the total budget is dedicated to paying the part of transit not covered by TTC fare box revenue. 14% of the proposed budget is directed to the costs of other municipal services such as parks, forestry and recreation, libraries, road maintenance, snow removal, economic development, planning, and municipal licensing and standards.

As part of the operating budget review process, more than \$100 million was identified in the base budget as savings from internal efficiencies and continuous improvement efforts by the City. The \$100 million reduction has been put toward offsetting the 2009 budget increases.

The City's revenues are made up of property taxes (39%), provincial government payments to the City that pay part of the costs for provincially supported programs (24%), user fees (15%), federal subsidies and grants (2%) and other revenues. The Land Transfer and Personal Vehicle Tax will make up 2% of the City's total revenues in 2009.

Toronto, like all municipalities in Ontario, must fund the full costs of providing services in the year that they are provided. Municipalities, unlike the provincial or federal government, cannot run a deficit to pay the cost of day-to-day operations.

Today is the start of the formal operating budget review process. The public is invited to make submissions on the City's proposed operating budget by making a presentation to the Budget Committee on Wednesday, February 18, submitting a written presentation to the Budget Committee, or sending a letter or e-mail to their local City Councillor. Details can be found at <http://www.toronto.ca/committees/budget-committee.htm> or by calling 416-338-0338. Toronto City Council will consider the final 2009 operating budget at its meeting on March 31 and April 1.

The City has both an operating and capital budget.

The day-to-day operation of City services is paid for from the City's operating budget (described above) – the money dedicated to salaries and operating expenses such as rent, fuel, electricity, equipment, etc. The delivery of City services such as police, fire, emergency medical services, TTC, libraries, parks and recreation, snow removal, roads maintenance, child care and many others are paid for through the City's operating budget.

The City is also rolling out its 10-year \$25.9 billion capital plan that was approved last December. The City's capital budget pays for construction and maintenance of roads, the purchase of transit vehicles, the building of major facilities, and the purchase of major equipment. The capital budget funds the maintenance and construction of City assets and infrastructure, which are needed to support services to residents and businesses.

For more information on the programs and services provided in the City's 2009 proposed operating budget please visit the City's budget web pages at www.toronto.ca/budget2009.

The City has also created the Toronto Helps web pages that highlight new and enhanced programs and services for people needing assistance during the recession. The webpage address is www.toronto.ca/torontohelps.

Toronto is Canada's largest city and sixth largest government, and home to a diverse population of about 2.6 million people. It is the economic engine of Canada and one of the greenest and most creative cities in North America. In the past three years, Toronto has won numerous awards for quality, innovation and efficiency in delivering public services. Toronto's government is dedicated to prosperity, opportunity and liveability for all its residents.

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