

Analyst Briefing Notes

Budget Committee - February 16, 2010

PART I: 2010 OPERATING BUDGET

Executive Summary	2
Recommendations	6

PART II: 2010 SERVICE OVERVIEW AND PLAN

Mission Statement	7
Program Map	7
2010 Recommended Service: Overview	7

PART III: 2009 EXPERIENCE

2009 Accomplishments	11
2009 Budget Variance Analysis	12
Impact of 2009 Operating Variance on 2010 Recommended Budget	12

PART IV: 2010 RECOMMENDED BASE BUDGET

2010 Recommended Base Budget	13
2010 Key Cost Drivers	14
2010 Service Changes	15

PART V: RECOMMENDED SERVICE CHANGES

2010 Recommended Service Changes	16
----------------------------------------	----

PART VI: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS

2010 Service Priority Actions	18
-------------------------------------	----

PART VII: ISSUES FOR DISCUSSION

2010 Budget Issues	20
2011 and Future Year Issues	20
Issues Referred from 2009 and Prior Years	20

Appendix A: 2010 Recommended Base Budget Changes vs. 2009 Approved Budget	21
---------------------------------------------------------------------------------	----

Appendix B: Summary of Service Changes	22
----------------------------------------------	----

Appendix C: Summary of 2010 Recommended New/Enhanced Service Priority Actions	23
-------------------------------------------------------------------------------------	----

Appendix D: Program Summary by Expenditure Category	24
-----------------------------------------------------------	----

Appendix E: Inflows / Outflows to / from Reserves and Reserve Funds	25
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PART I: 2010 OPERATING BUDGET**Executive Summary**

- Toronto Building ensures that the construction, renovation and demolition of buildings comply with the health, safety, accessibility, conservation and environmental provisions of the Building Code Act and other applicable law. The Program champions the application, understanding, and supports innovation of Building regulations by striving to provide excellence in City services, while responding to the development community, other City Divisions, Agencies, Boards, Commissions, and the Council of the City of Toronto. Toronto Building delivers two key services: Building Permission and Information and Building Inspection.
- Toronto Building's service objectives address the challenges and opportunities over the next three years and reflect the Program's need to manage within a strong regulatory environment which governs specific service levels and building requirements. Key service objectives include:
 - Meeting the response rate for applications and inspections within the legislated time frames.
 - Responding to complaint investigation requests and providing and improving access to building records.
 - Influencing and developing effective legislative changes specifically with the development and implementation of amendments to the Municipal Code, Construction and Demolition By-law.
 - Advancing Green Roof construction standards and other environmental initiatives to meet the City's Climate Change, Clean Air and Sustainable Energy Action Plan targets.
- Toronto Building's key accomplishments for 2009 include the:
 - Preparation and adoption of the New Sign By-law and Third Party Sign Tax, the Green Roof By-law, and the Green Development Standards;
 - Implementation of the Marijuana Grow Operations remediation program;
 - Meeting legislated time frames for permit issuance and responses to inspection requests; and
 - Implementation of IT service enhancements including the IVR TelePermit system, Remote Access for Inspectors and the Electronic Service Delivery Initiative.
- For 2009, Toronto Building projects year-end net expenditures of \$2.459 million which are \$13.260 million or 122.8% above the 2009 Approved Operating Budget of (\$10.801) million net.
 - The projected year-end unfavourable variance is largely attributable to unrealized revenues for building permit and other fees due to the impact of the economic downturn on the development industry (\$16.6 million), the summer labour disruption to service (\$4.6 million),

offsets from cost containment (\$5.1 million), and savings in salary and benefits from the labour disruption (\$2.9 million). The strike related loss is \$1.8 million.

- The net revenue shortfall of \$13.260 million, excluding the strike related loss, will be further reduced by recognizing deferred revenues earned from carry-over projects (i.e. permit applications, developments, etc.) and a contribution of \$1.3 million from the Building Code Act Service Improvement Reserve Fund. The Program is closely monitoring the market and is continuously realigning and managing resources accordingly to meet the net budget target at year-end.
- The 2010 Recommended Operating Budget for Toronto Building includes a \$0.452 million reduction in budgeted revenues for building permit fees, based on lower projected construction volumes for 2010, offset by reductions in expenditures from the lower activity level. As a result, there will be no net impact to the 2010 Recommended Budget.

Table 1: 2010 Recommended Budget

(In \$000s)	2009		2010 Recommended Operating Budget			Change - 2010 Recommended Operating Budget v. 2009 Appvd. Budget		FY Incremental Outlook	
	2009 Appvd. Budget	2009 Projected Actual	2010 Rec. Base	2010 Rec. New/Enhanced	2010 Rec. Budget			2011	2012
	\$	\$	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	46,158.1	37,747.5	44,529.7	1,299.9	45,829.6	(328.5)	(0.7)	(2,279.4)	0.0
REVENUE	56,958.7	35,288.1	55,330.3	1,299.9	56,630.2	(328.5)	(0.6)	(2,279.4)	0.0
NET EXP.	(10,800.6)	2,459.4	(10,800.6)	0.0	(10,800.6)	0.0	0.0	0.0	0.0
Approved Positions	417.5	380.0	415.5	13.0	428.5	11.0	2.6	(8.5)	0.0

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
GROSS BUDGET	44,473.8	44,529.7	55.9	42,482.8
PROGRAM REDUCTION (\$)	(2,567.9)	(2,512.0)	55.9	(2,307.9)
PROGRAM REDUCTION (%)	(5.6)	(5.4)	0.1	(5.0)

- The 2010 Recommended Operating Budget for the Toronto Building is \$45.830 million gross and is \$0.329 million or 0.7% below the 2009 Approved Operating Budget of \$46.158 million gross. The 2010 Recommended Operating Base Budget for Toronto Building of \$44.530 million essentially meets the reduction target of \$2.568 million gross or 5.6%.
- The 2010 Recommended Operating Budget for Toronto Building is (\$10.801) million net and represents a 0% increase over the 2009 Approved Operating Budget. Toronto Building is governed by the Building Code Act (BCA). This provincial act stipulates that the total amount of authorized fees collected must not exceed that of anticipated reasonable costs to administer and enforce the BCA. As a result, Toronto Building maintains 100% cost recovery.
- The 2010 Recommended Operating Budget for Toronto Building is comprised of base funding of \$44.530 million gross and (\$10.801) million net revenue with funding of \$1.300 million gross and \$0 net for new / enhanced service priorities. The 2010 Recommended Base Budget also includes recommended service changes savings of \$0.200 million. Approval of the 2010

Recommended Operating Budget will increase the Program's staff complement to 428.5 approved positions.

- The Outlook for 2011 for Toronto Building includes anticipated COLA and fringe benefits costs of \$0.659 million offset by the proposed savings from the reduction to the Marijuana Grow Operations program of \$0.225 million and incremental revenue of \$0.538 million from the building permit fee increase for 2010. In addition, the Program is projecting revenue and expenditure reductions of \$2.280 million related to projected permit volume declines.
- The 2010 Recommended Base Budget provides funding for the following key cost drivers:
 - Cost of living allowance (COLA) increases for staff resulting in an increase of \$0.547 million.
 - Step and progression pay increases of \$0.189 million and \$0.069 million respectively.
 - Predicted decrease in construction volume which will reduce building permit and other revenues by \$0.452 million.
 - A reduction to building permit revenues of \$1.192 million from the review of service activity, to maintain program cost recovery.
 - Annualized cost of 8 new positions approved in 2009 of \$0.066 million, primarily for the increased scope of the Routine Disclosure Program.
- The cost drivers noted above are partially off-set by the following savings included in the 2010 Recommended Base Budget:
 - An increase in revenue of \$1.108 million or 2.0% from an annual fee increase based on the wage settlement rate for 2010, as allowed by legislation.
 - The end of the development stage of the Harmonized Sign By-law which reduces gross expenditures and revenues by \$1.092 million.
 - Efficiency savings in expenditures of \$0.992 million from the review of service activity and permit volume changes.
 - A detailed position by position review of salaries and benefits resulting in a savings of \$0.228 million.
- Toronto Building's 2010 Recommended Operating Budget includes service changes with savings of \$0.200 million gross and net for 2010 with \$0.225 million gross and net incremental impacts in 2011. The 2010 recommended service efficiency change is noted below:
 - Restructuring the Inspections of the Marijuana Grow Operations (MGO) program will result in service efficiencies of \$0.200 million in gross and net, with the elimination of 2 vacant Senior Building Inspector positions. There is no recommended change to service levels.

- The 2010 Recommended Operating Budget for Toronto Building includes a New/Enhanced Service Priority Action of \$1.300 million gross and \$0 net for the new Dedicated Sign Unit for the enforcement and administration of the new Sign By-law adopted by Council in December 2009.
- Toronto Building, as stewards of Toronto's built environment ensures that construction, renovation and demolition of buildings achieve the provisions of the Building Code Act and other applicable law. The Program supports the understanding and application of Building regulations. The 2010 Recommended Operating Budget for Toronto Building will fund:
 - Improvement in average response times to meet legislated time frames for Building Inspections and Building Permission and Information:
 - Process complete applications in 10 days for small residential, 20 days for residential high rise and mixed residential projects and 30 days for projects of a more complex nature 88% of the time;
 - Complete mandatory inspections within 2 days of receiving the request 95% of the time; and
 - Complete emergency inspections within 1 day 100% of the time, and work without permits plus zoning and other inspections will be completed within 2 days and 5 days respectively, 95% of the time.
 - Increase public access to building records by responding to requests for records within 30 days 99% of the time;
 - Implementation of new amendments to the Municipal Code, Construction and Demolition Bylaw and Green Roof construction standards;
 - New Sign By-law Enforcement and Administration Unit;
 - Improvements to public safety through a lead role in remediating properties impacted by marijuana grow operations;
 - A continuous learning environment and support for formal qualification of technical staff; and
 - The ability to influence and respond effectively to new legislation and legislative amendments that affect development in the City.

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2010 Recommended Operating Budget for Toronto Building of \$45.830 million gross and (\$10.801) million net, comprised of the following service:

<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
Toronto Building	45,829.6	(10,800.6)
Total Program Budget	45,829.6	(10,800.6)

PART II: 2010 SERVICE OVERVIEW AND PLAN

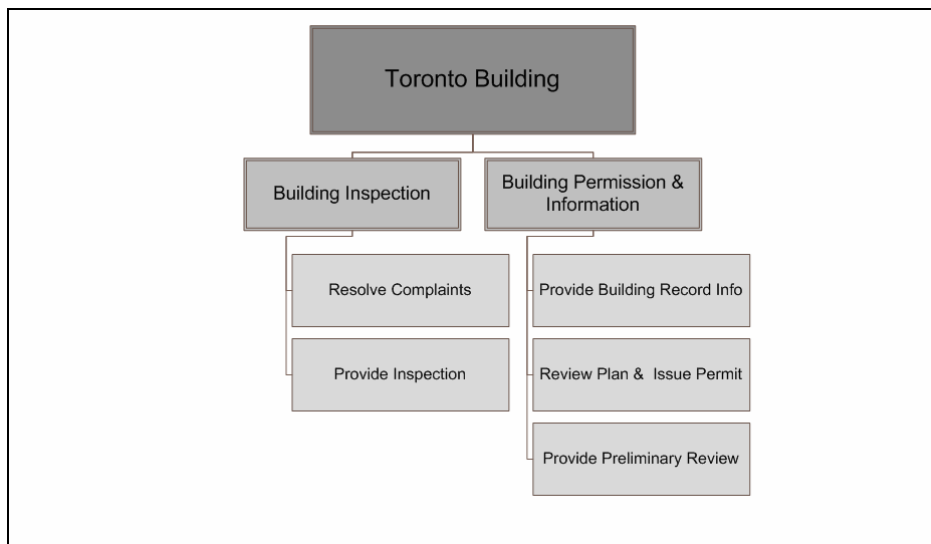
Mission Statement

Toronto Building is committed to enhancing the quality of life in the City of Toronto for all residents, businesses and visitors, through superior services delivered with professionalism, honesty and integrity while enhancing and beautifying communities where people live, work and play.

As stewards of Toronto's built environment, the Program will ensure that the construction, renovation and demolition of buildings achieves the health, safety, accessibility, conservation and environmental provisions of the Building Code Act and other applicable law.

Toronto Building will champion the understanding and application of Building regulations supporting innovation and creation of safe building standards and requirements and provide excellence in City services through innovative leadership, responding to all members of the public, the development community, other City Divisions, Agencies, Boards, Commissions and the Council of the City of Toronto.

Program Map



2010 Recommended Service: Overview

Toronto Building ensures that the construction, renovation and demolition of buildings comply with the health, safety, accessibility, conservation and environmental provisions of the Building Code Act and other applicable law. Toronto Building delivers two key services: Building Permission and Information and Building Inspection.

Building Inspection

Toronto Building will conduct mandatory inspections for new building construction and demolition of buildings to ensure that the buildings are safe, healthy, structurally sufficient, accessible and

environmentally sustainable. Toronto Building will investigate building related complaints, resolve issues or take appropriate enforcement action. Activity, type and specific service levels, most of which are legislated by the Provincial Building Code Act (BCA) are detailed below:

- Provide Inspections
 - Construction - within 2 days
 - Demolition – within 2 days
 - Sign – within 48 hours (with 48 hours notice)
- Resolve Complaints
 - Emergency/ Unsafe – less than 1 day
 - Work without Permit – within 2 days
 - Zoning and Other complaints – within 5 days

Building Permission and Information

Toronto Building will review building permit and other applications. The Building Permission and Information service guides and supports permit applicants in obtaining permits for demolition, construction and renovation of buildings to ensure that the buildings are safe, healthy, structurally sufficient, accessible and environmentally sustainable. The service will continue to manage the administration of the application process to guide and support applicants in obtaining building permits as well as providing information and property records in accordance with Freedom of Information policies and procedures. The service will provide preliminary review of project documents to identify areas of non-compliance with applicable laws or requirement for approvals related to other applicable laws. Activity, types, sub-types and specific 2010 service levels are included below:

- Preliminary Review
 - Preliminary Project Review (PPR) and Pre-application Applicable Law Review (PAL):
 - House – within 10 days of application
 - Residential High Rise – within 20 days
 - Mixed Residential Projects – within 20 days
 - Other Part 3 and Complex – within 30 days
- Review and Issue Permits
 - Construction or Demolition, as legislated under the BCA:
 - House – within 10 days of application

- Residential High Rise – within 20 days
 - Mixed Residential Projects – within 20 days
 - Other Part 3 and Complex – within 30 days
- Sign, as legislated under the BCA and City by-law:
 - Mixed Residential Projects – within 20 days of application
 - Other and Complex – within 30 days
- Providing Building Records
 - Compliance Letters – within 5 days of request
 - Zoning Information – within 1 day
 - Freedom of Information (FOI) – within 30 days

Service Objectives

The service objectives for Toronto Building address challenges and opportunities over the next three years and primarily reflect the need to manage within a strong regulatory environment which governs specific service levels and construction requirements. Toronto Building's service objectives are as follows:

- **Legislated and Municipal Service Levels**
 - Meet legislated time frames for the review of complete permit applications for all types of building projects. The 2010 goal is to complete 88% of applications within the legislated time frames.
 - Meet legislated time frames for mandatory inspections (95% goal for 2010).
 - Continue meeting the rate of responding to complaint investigation requests (95% goal for 2010).
 - Provide and improve access to building records (FOI) by responding to all requests within required time frames. The goal is a 99% response rate within 30 days, where applicable. This will maximize information available through routine disclosure and minimize volume of MFIPPA requests.
- **Legislative Changes**
 - Influence and respond effectively to new legislation and legislative amendments that affect the development of the City.
 - Develop and implement appropriate amendments to the Municipal Code, Construction and Demolition Bylaw.

- **Environmental Initiatives**

- Develop and implement Green Roof construction standards, and advance other initiatives to meet the City's Climate Change, Clean Air and Sustainable Energy Action Plan targets.

- **Implementation of New By-laws**

- Implement new by-laws approved by City Council including the Green Roofs By-law, New Sign By-law and Third Party Sign Tax and the New Zoning By-law.

- **Achieve ongoing financial sustainability**

- Control costs and maximize the revenue base to maintain full operating cost offset.

- **Health and Safety**

- Enhance health and safety in the workplace by implementing Divisional and Corporate policies.
- Provide effective response to building related emergencies.
- Remediate properties identified as Marijuana Grow Operations.

PART III: 2009 EXPERIENCE

2009 Accomplishments

Toronto Building's major accomplishments for 2009 include the following:

- Prepared and secured adoption of the New Sign By-law and Third Party Sign Tax by City Council in December 2009.
- Achieved the adoption of the Green Roof By-law in May 2009 and developed and conducted training for implementation of the By-law and the Green Development Standards.
- Developed the permit approval process for Solar Domestic Hot Water Installations, which received the CanSIA Solar Public Servant Award.
- Implemented the Marijuana Grow Operations remediation program with 180 cases received to date and achieved considerable success in compliance with 41 permits issued.
- Met legislated time frames for permit issuance and responses to inspection requests, excluding the impact of the summer labour disruption.
- Completed and implemented service enhancing IT enhancements including the IVR TelePermit system, and Remote Access for Inspectors.
- Developed the Electronic Service Delivery Initiative which includes the Divisional eService Plan, digitizing building records and changing the Retention By-law to recognize digital records as official records.

Table 2: 2009 Budget Variance Review (\$000s)

(In \$000s)	2008 Actuals	2009 Approved Budget	2009 Projected Actuals*	2009 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	%
GROSS EXP.	39,853.1	45,687.5	37,747.2	(7,940.3)	(17.4)
REVENUES	51,400.6	56,488.1	35,288.1	(21,200.0)	(37.5)
NET EXP.	(11,547.5)	(10,800.6)	2,459.1	13,259.7	(122.8)
Approved Positions	407.5	417.5	380.0	(37.5)	(9.0)

*Projected Actuals Based on the September 30, 2009 Variance Report

2009 Budget Variance Analysis

Toronto Building's Third Quarter Variance report projects that the Program will be \$13.260 million or 122.8% above the 2009 Approved Operating Budget of (\$10.801) million net revenue by year-end.

- Projected year-end unrealized revenues in building permit and other fees of \$21.2 million are due primarily to the impact of the economic downturn on the development industry (\$16.6 million) and the summer labour disruption (\$4.6 million). This shortfall will be offset by cost containment (\$5.1 million) and savings in salary and benefits (\$2.9 million) as a result of the labour disruption. The strike related loss is \$1.8 million.
- The Program is closely monitoring the market and is continuously realigning and managing resources accordingly to meet the net budget target at year-end. The net revenue shortfall of \$13.3 million, excluding the strike related loss, will be met by recognizing deferred revenues earned from carry-over projects (i.e. the permit applications, developments, etc.) and funding from the Building Code Act Service Improvement Reserve Fund of \$1.3 million.

Impact of 2009 Operating Variance on the 2010 Recommended Budget

- Construction volume is expected to trend lower into 2010 from budgeted 2009 levels, as the City recovers from the effects of the economic recession. Toronto Building is projecting a reduction in permit volumes for 2010 which result in a reduction to budgeted building permit revenues of \$0.452 million. This reduction will be offset by expenditure reductions from the reduced activity in order to maintain full cost recovery. As a result, there is no net impact on the 2010 Recommended Budget.

PART IV: 2010 RECOMMENDED BASE BUDGET

Table 3: 2010 Recommended Base Budget (\$000s)

	2009 Appvd. Budget	2010 Recommended Base	Change 2010 Recommended Base v. 2009 Appvd. Budget		FY Incremental Outlook	
					2011	2012
(In \$000s)	\$	\$	\$	%	\$	\$
GROSS EXP.	46,158.1	44,529.7	(1,628.4)	(3.5)	(2,279.4)	0.0
REVENUE	56,958.7	55,330.3	(1,628.4)	(2.9)	(2,279.4)	0.0
NET EXP.	(10,800.6)	(10,800.6)	0.0	0.0	0.0	0.0
Approved Positions	417.5	415.5	(2.0)	(0.5)	(8.5)	0.0

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
GROSS BUDGET	44,473.8	44,529.7	55.9	42,482.8
PROGRAM REDUCTION (\$)	(2,567.9)	(2,512.0)	55.9	(2,307.9)
PROGRAM REDUCTION (%)	(5.6)	(5.4)	0.1	(5.0)

Table 3a: Program Reduction Requirements (\$000s)

(In \$000s)	2010 Required Reductions	2011 Required Reductions
2009 Approved Gross Budget	46,158.1	
Pressures Reported with 2010 Outlook	623.6	316.9
Pressures not reported in 2010 Outlook	260.0	
5% Reduction Target	(2,307.9)	(2,307.9)
Additional Pressures not in 2010 Reported Outlook	(260.0)	TBD
Program Reduction Target	(2,567.9)	(2,307.9)
Gross Budget Target	44,473.8	42,482.8

Program Reduction Target

The 2010 Operating Budget cycle targeted a 5% reduction based on the adjusted 2009 Approved Net Operating Budget. As Toronto Building operates on a 100% cost recovery basis, the 5% reduction target was applied to the 2009 Approved Gross Expenditure Budget of \$46.158 million. This results in a reduction target for Toronto Building of \$2.308 million or 5% of the 2009 Approved Gross Operating Budget. In addition to the 5% reduction, further reductions in the amount of \$0.260 million are included to offset additional pressures not identified in the 2010 Outlook, resulting in a total program reduction target of \$2.568 million. The 2010 Operating Budget target is calculated

through adding the Program's 2009 Approved Budget and the 2010 base pressures reported through the 2009 budget process, then subtracting the Program's reduction target.

2010 Recommended Base Budget

The 2010 Recommended Base Budget of \$44.530 million gross represents a 3.5% decrease over Toronto Building's 2009 Approved Operating Budget of \$46.158 million gross. The 2010 Recommended Base Budget includes \$0.884 million or 1.9% in base budget increases, which have been offset by decreases of \$2.512 million or 5.4% arising from recommended Base and Service Changes.

The 2010 Recommended Base Budget of \$44.530 million gross includes recommended Program reductions of \$2.512 million gross for base changes and service efficiencies, which essentially meets the reduction target of \$2.568 million gross or 5.6%. The 2010 Recommended Base Budget of (\$10.801) million net represents no change over the 2009 Approved Operating Budget.

- The 2010 Recommended Operating Base Budget accommodates increased labour costs arising from inflationary and non-inflationary pressures as well as volume-based revenue adjustments for building permit applications. The 2010 Recommended Base Budget also reflects savings of \$0.200 million arising from recommended service changes, summarized below.

Approval of the 2010 Recommended Base Budget will result in the Program's total staff complement decreasing from 417.5 to 415.5 approved positions as a result of the elimination of 2.0 permanent positions from the restructuring of the inspections in the Marijuana Grow Operations (MGO) Program.

2010 Base Budget Key Cost Drivers

The 2010 Recommended Base Budget provides funding for the following key cost drivers:

- Cost of living allowance (COLA) of 2% for union staff and 1% for exempt staff resulting in an increase of \$0.547 million.
- A predicted decrease in construction volume which reduces building permit and other revenues by \$0.452 million.
- A reduction to building permit revenues of \$1.192 million from the review of service activity to maintain cost recovery.
- Step and progression pay increases of \$0.189 million and \$0.069 million respectively.
- Annualized cost of 8 new positions approved in 2009 of \$0.066 million, primarily for the increased scope of the Routine Disclosure Program.

The cost drivers noted above are offset by the following savings included in the 2010 Recommended Base Budget:

- An increase in revenue of \$1.108 million or 2.0% from an annual fee increase based on the wage settlement rate for 2010 to maintain full cost recovery as allowed per legislation.

- The end of the development stage of the Harmonized Sign By-law which reduces expenditures and user fee revenues by \$1.092 million.
- Efficiency savings in expenditures of \$0.992 million from the review of service activity and projected permit volume changes.
- A detailed position by position review of salaries and benefits resulting in a savings of \$0.228 million.

2010 Service Changes

The Program's 2010 Recommended Base Budget includes additional efficiency savings of \$0.200 million gross and net resulting in \$0.225 million gross and net incremental savings in 2011. The recommended service change is summarized below:

Service Efficiency

- Restructuring the Inspections of the Marijuana Grow Operations (MGO) program will result in service efficiencies of \$0.200 million in gross and net, with the elimination of 2 vacant Senior Building Inspector positions. There is no change in service levels proposed for this recommendation.

2011 and 2012 Outlook: Net Incremental Impact

Approval of the 2010 Recommended Base Budget for Toronto Building will result in a 2011 incremental reduction of \$2.280 million gross and \$0 million net and no 2012 incremental impacts to maintain the 2010 level of service and decrease the staff complement. Future year costs are primarily attributed to the following:

- The Outlook for 2011 for Toronto Building includes anticipated COLA and fringe benefits cost increase of \$0.659 million offset by the additional savings of \$0.225 million from the proposed reductions to the inspections of the Marijuana Grow Operations program, incremental revenue from the permit fee increase of \$0.538 million and revenue and expenditure adjustments related to projected permit volumes of \$2.280 million.

PART V: 2010 RECOMMENDED SERVICE CHANGES

Table 4: 2010 Recommended Service Change Summary
(In \$000s)

Description	2010 Recommended Service Changes				2011 Incremental Impact		
	Position Change	Gross Exp.	Net Exp.	% Change over 2009 Gross Budget	Gross Exp.	Net Exp.	
	#	\$	\$	#	\$	\$	# Pos
Base Change Summary	0.0	(2,311.9)	(683.5)	-5.0%	(2,054.4)	(312.6)	(5.5)
Service Efficiencies: Restructure of Inspections of Marijuana Grow Operations Program	(2.0)	(200.1)	(200.1)		(225.0)	(225.0)	(3.0)
Sub-Total Service Changes	(2.0)	(200.1)	(200.1)	-0.4%	(225.0)	(225.0)	(3.0)
Total Changes	(2.0)	(2,512.0)	(883.6)	-5.4%	(2,279.4)	(537.6)	(8.5)

2010 Recommended Service Changes

The budgetary impact of implementing the following service change is included in the 2010 Recommended Base Budget, with savings of \$0.200 million gross and net in 2010 and incremental savings of \$0.225 million gross and net in 2011. Approval of the recommended service change will result in a reduction of 2 approved positions bringing the complement to 415.5 approved positions.

The 2010 Recommended Base Budget includes \$2.312 million gross and \$0.684 million net in savings from base changes including the end of the development stage of the Harmonized Sign By-law, a 2% increase in building permits and other building related fees, payroll cost savings from a detailed review and revenue and expenditure reductions from service review and projected permit volume decreases, as discussed in the Key Cost Drivers section on pages 14-15.

Service Change

Service Efficiency

Restructuring of Inspections of Marijuana Growth Operations Program

The 2010 Recommended Operating Budget for Toronto Building includes service efficiency savings of \$0.200 million gross and net arising from the restructuring of the Marijuana Growth Operations (MGO) including the reduction of 2 vacant Senior Building Inspectors positions. With the Marijuana Grow Operations (MGO) Program now in place and a divisional review of the first 6 months

completed, Toronto Building has determined that the inspections can be absorbed through the existing staff complement, with additional administrative support needed for the coordination, processing, follow-up and enforcement of files.

The MGO Program was approved in the 2009 Operating Budget for \$0.525 million gross and \$0 net and included the addition of 5 permanent inspector positions and a fleet of 5 vehicles. To better align resources with actual workload demands, the Program will be eliminating the 5 Senior Building Inspector positions approved under the MGO Program, which have remained vacant, over two years: 2 position reductions in 2010 and 3 proposed reductions in 2011. Inspections of the MGO Program will be managed through existing staff resources and 2 Support Assistant B positions will be reassigned to the MGO Program to address the administration and coordination needs of the program. This phased-in approach is intended to allow for further evaluation of the program after its first full year and to ensure that the alignment of resources to workload is effective.

PART VI: RECOMMENDED NEW SERVICE PRIORITY ACTIONS

Table 5: 2010 New / Enhanced Service Priority Actions: Summary

(In \$000s)

Description	2010 Recommended			Net Incremental Impact			
	Gross Exp.	Net Exp.	New Positions	2011		2012	
	\$	\$	#	\$	# Pos	\$	# Pos
New Services:							
(a) New Services - Council Approved							
Dedicated Sign Unit for Enforcement & Administration of New Sign Regulation	1,299.9	-	13.0	0.0	0.0	0.0	0.0
Sub-Total New Services	1,299.9	0.0	13.0	0.0	0.0	0.0	0.0
Total Enhanced/New Services	1,299.9	0.0	13.0	0.0	0.0	0.0	0.0

2009 Recommended New / Enhanced Service Priority Actions

New Service Priority Actions

Council Approved

Dedicated Sign Unit for the Enforcement & Administration of New Sign Regulation

The creation of a new Dedicated Sign Unit was approved by City Council on December 2009 in the staff report "New Sign Regulation and Revenue Strategy for the City of Toronto". The Unit is to administer and enforce the provisions of the new Sign By-law.

Key functions of the unit will include:

- Intake, review, and issuance of Sign Permit applications, and associated Building Permit applications;
- Process, review, and reporting on Sign Variance applications;
- Maintain a current inventory of third party signs;
- Administer, collect and enforce the Third Party Sign Tax (TPST);
- Verify the inventories required to be provided by sign operators; and
- Provide ongoing enforcement to achieve compliance with sign regulations.

The 2010 Recommended Operating Budget for this new service is \$1.300 million gross and \$0 net.

Gross expenditures include salary and benefits costs of \$0.918 million, equipment of \$0.250 million, materials and supplies of \$0.012 million, services and rents of \$0.062 million and interdivisional charges of \$0.059 million. Revenues include recoveries of \$1.254 million from the Third Party Sign Tax and \$0.046 million from User Fees.

The total Unit staff complement is 19 positions, with 6 staff transferred from district locations within Toronto Building, and 13 new positions including a Manager, 3 Support Assistant B staff dedicated to the administrative aspects of sign regulation, and 9 By-law Officers. The Unit will be consolidated in a centralized location.

The Outlook for 2011 projects incremental reductions of \$0.062 million gross and \$0 net, reflecting one-time set up costs in 2010.

PART VII: ISSUES FOR DISCUSSION**2010 Budget Issues*****Increased User Fees***

Under the Building Code Act (BCA), the total fees collected by Toronto Building must not exceed the anticipated reasonable costs to administer and enforce the BCA. Due to various cost drivers, the 2010 Recommended Operating Budget includes an increase of 2% to building fees and permits to maintain the full cost recovery offset. The increase is based on the wage settlements for 2010 negotiated in the City's Collective Bargaining Agreements, and is in accordance with the Toronto Municipal Code and Toronto Building's By-law.

2011 and Future Year Issues***2011 Reduction Targets***

Toronto Building has provided viable reduction options towards the reduction target for 2011. These options will be further evaluated and finalized during the 2011 Operating Budget process.

Outstanding Issues from 2009 and Prior Years***Performance Targets***

For 2008, Toronto Building was tracking slightly behind its target of 80% for permit application reviews due to a number of staff vacancies. The Program implemented a hiring strategy to meet service levels and was expected improve its performance numbers for 2009.

Toronto Building is reporting projected 2009 performance measures (excluding the impact of the summer labour disruption) which meet the 2009 performance targets. The 2009 performance measures are detailed below:

- 85% of applications for building permit issuance within legislated timeframes,
- 95% of mandatory inspections completed within 2 days of receiving the request,
- 100% emergency and 95% complaint inspections completed within the legislated timeframes, and,
- 99% of Freedom of information (FOI) requests responded to within 99 days.

Meeting the performance measures targets is an important goal for Toronto Building. The Program continually evaluates and manages the delivery of services in order to meet and exceed the set performance targets. These actions include continuing to manage the hiring strategy and using technological enhancements, such as Interactive Voice Response (IVR) and remote computing access which allow inspectors to file report findings from outside of the office.

Appendix A

2010 Recommended Base Budget Changes vs. 2009 Approved Budget

(In \$000s)	Summary of 2010 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2011	2012
		\$	\$	\$	\$	\$
2009 Council Approved Operating Budget	417.5	45,068.0	56,488.1	(11,420.1)	0.0	0.0
Technical Adjustments		619.5		619.5		
In-Year Budget Adjustments		470.6	470.6			
2009 Approved Operating Budget	417.5	46,158.1	56,958.7	(10,800.6)	0.0	0.0
Prior Year Impacts:						
Annualizations from Prior Year		78.1		78.1	(121.4)	
Reversals from Prior Year						
Operating Impacts of Capital						
Zero Base Items						
Economic Increases:						
Salary		805.5		805.5	659.0	
Non Salary						
Adjusted Base Budget	417.5	47,041.7	56,958.7	(9,917.0)	537.6	0.0
Base Expenditure Changes		(1,320.0)	(1,092.4)	(227.6)		
Base Revenue Changes		(991.9)	(536.0)	(455.9)	(312.6)	
2010 Base Budget Prior to Service Changes	417.5	44,729.8	55,330.3	(10,600.5)	225.0	0.0
Recommended Service Changes:						
Service Efficiencies	(2.0)	(200.1)		(200.1)	(225.0)	
Revenue Changes						
Minor Service Level Changes						
Major Service Level Changes						
Total Recommended Base Changes	(2.0)	(200.1)	0.0	(200.1)	(225.0)	0.0
2010 Recommended Base Budget	415.5	44,529.7	55,330.3	(10,800.6)	0.0	0.0

Appendix B

Summary of Service Changes

Appendix C

Summary of 2010 Recommended New/Enhanced Service Priority Actions

Appendix D

Program Summary by Expenditure Category

CLUSTER: B PROGRAM: TORONTO BUILDING							
	2009 Approved Budget	2009 Projected Actuals	2010 Recommended Budget	Change from 2009 Approved Budget		2011 Outlook	2012 Outlook
	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	38,942.4	34,102.4	39,782.3	839.9	2.2%	39,733.2	39,733.2
Materials and Supplies	224.0	180.4	229.9	5.8	2.6%	224.3	224.3
Equipment	766.8	212.8	978.3	211.5	27.6%	230.8	230.8
Services & Rents	1,609.1	1,305.8	1,345.8	(263.3)	(16.4%)	1,330.8	1,330.8
Contributions to Capital	70.0	0.0	70.0	0.0	0.0%	70.0	70.0
Contributions to Reserve/Res Funds	4,227.8	1,627.8	3,042.9	(1,184.8)	(28.0%)	1,559.4	1,559.4
Other Expenditures	83.2	83.2	83.2	0.0	0.0%	83.2	83.2
Interdivisional Charges	234.8	234.8	297.2	62.3	26.5%	318.5	318.5
TOTAL GROSS EXPENDITURES	46,158.1	37,747.2	45,829.6	(328.5)	(0.7%)	43,550.2	43,550.2
Interdivisional Recoveries			1,254.4	1,254.4	n/a	1,158.1	1,158.1
Provincial Subsidies				0.0	n/a	0.0	0.0
Federal Subsidies				0.0	n/a	0.0	0.0
Other Subsidies				0.0	n/a	0.0	0.0
User Fees & Donations	2,204.6	1,411.5	1,869.8	(334.8)	(15.2%)	1,904.1	1,904.1
Transfers from Capital Fund				0.0	n/a	0.0	0.0
Contribution from Reserve Funds	1,163.0	692.4	470.6	(692.4)	(59.5%)	0.0	0.0
Contribution from Reserve				0.0	n/a	0.0	0.0
Sundry Revenues	53,591.1	33,184.2	53,035.4	(555.7)	(1.0%)	51,288.6	51,288.6
TOTAL REVENUE	56,958.7	35,288.1	56,630.2	(328.5)	(0.6%)	54,350.8	54,350.8
TOTAL NET EXPENDITURES	(10,800.6)	2,459.1	(10,800.6)	(0.0)	0.0%	(10,800.6)	(10,800.6)
APPROVED POSITIONS	417.5	380.0	428.5	11.0	2.6%	420.0	420.0

Appendix E

Inflows / Outflows to / from Reserves & Reserve Funds

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	2010*	2011	2012
			\$	\$	\$
Building Code Act Services Improvement Reserve Fund	XR1305	Beginning Balance	11,043.0	14,737.0	15,464.0
		Proposed Withdrawals (-) / Contributions (+)	1,847.0	363.5	
		Total Proposed Contributions (Withdrawals)	1,847.0	363.5	0.0
BUILDING CODE ACT SER. IMP. RF BALANCE AT YEAR END			12,890.0	15,100.5	15,464.0

*Balance as of December 2009

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Balance as of December 2009	Proposed Withdrawals (-) / Contributions (+)		
			2010	2011	2012
		\$	\$	\$	\$
Insurance Reserve Fund	XR1010	32,534.1	1,181.0	1,181.0	
Vehicle and Equipment Reserve	XQ1301	40.1	15.0	15.0	
Public Realm Reserve Fund	XR1410	17,907.3	(470.6)	0.0	
Total Reserve / Reserve Fund Draws / Contributions			725.4	1,196.0	0.0