

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 Services: Overview	7

PART III: 2009 EXPERIENCE

2009 Accomplishments	11
2009 Budget Variance Analysis	11
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	14

PART V: RECOMMENDED SERVICE CHANGES

2010 Recommended Service Changes	16
--	----

PART VI: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS

2010 Service Priority Actions	N/A
-------------------------------------	-----

PART VII: ISSUES FOR DISCUSSION

2010 Budget Issues	18
2011 and Future Year Issues	20
Issues Referred to the 2010 Operating Budget Process	N/A
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	N/A
--	-----

Appendix D: Program Summary by Expenditure Category	23
--	----

Appendix E: Inflows / Outflows to / from Reserves and Reserve Funds	24
--	----

Contacts: Judy Skinner
Manager, Financial Planning
Tel: (416) 397-4219

Stephen Conforti
Senior Financial Planning Analyst
Tel: (416) 397-0958

February 16, 2010

PART I: 2010 OPERATING BUDGET**Executive Summary**

- City Planning, through their three service areas; Development Review, Decision and Implementation; Civic and Community Improvements; and City Building and Policy Development seek to enhance the quality of life for Toronto's diverse residential and business communities through their commitment to guiding and managing the City's physical change and growth, and its effects on the social, economic and natural environment within the City.
 - The Program is able to accomplish this through their support of residential and employment growth, protecting stable residential neighbourhoods and the natural environment, providing opportunities for affordable housing, renewing and enhancing infrastructure, advancing the Climate Change Plan, growing transit use, raising the quality of architecture and urban design, enhancing heritage preservation, and supporting community engagement in the City.
- City Planning's service objectives for 2010 include:
 - Completing the new Zoning By-law and defending any appeals to the Ontario Municipal Board;
 - Supporting the implementation of the Transit City plan for additional light rail lines across the City by 2021;
 - Working with applicants and commenting Divisions to complete the review of development applications that positively contribute to the health, growth and tax base of the City within Council endorsed timeframes;
 - Expediting the review of time-sensitive, federally-funded infrastructure projects ensuring economic stimulus in the City;
 - Supporting Council's green agenda through the implementation of the Toronto Green Standard and Green Roof By-law; and
 - Completing City Planning's program review and beginning implementation to address service demand challenges.
- City Planning achieved the following accomplishments in 2009:
 - The processing of approximately 2,500 community planning development approval and committee of adjustment applications;
 - Engaging over 16,000 residents and members of the public on the choices and consequences of new development in Toronto;
 - Continued work on the new Zoning By-law;

- The undertaking of major growth studies; and
- Support of major corporative initiatives including Transit City and the Spadina Subway Extension.
- For 2009, City Planning projects year-end net expenditures of \$20.933 million, \$7.001 million or 50.2% above the 2009 Approved Operating Budget of \$13.932 million net. This unfavourable variance primarily results from a decrease in both the application volume and the mix, for Community Planning and Committee of Adjustment applications, as application revenue is anticipated to be \$7.673 million or 38% below budget by year end. To somewhat offset the unfavourable revenue variance, City Planning has maintained a vacancy rate of 17% or 60 positions, contributing to the Program's \$3.483 million in projected under-expenditures.
- The 2010 Recommended Operating Budget for City Planning includes a \$1.429 million reduction in budgeted revenues for Community Planning and Committee of Adjustment applications, based on revenue trends experienced from 2004 to 2009.

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.	37,641.6	34,158.8	36,182.2	0.0	36,182.2	(1,459.4)	(3.9)	859.9	264.4
REVENUE	23,709.4	13,225.7	22,959.9	0.0	22,959.9	(749.5)	(3.2)	512.0	0.0
NET EXP.	13,932.2	20,933.1	13,222.3	0.0	13,222.3	(709.9)	(5.1)	347.9	264.4
Approved Positions	362.5	309.5	350.0	0.0	350.0	(12.5)	(3.4)	0.0	0.0

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
NET BUDGET	13,464.8	13,222.3	(242.5)	13,116.1
PROGRAM REDUCTION (\$)	(696.6)	(939.1)	(242.5)	(696.6)
PROGRAM REDUCTION (%)	(5.0)	(6.7)	(1.7)	(5.0)

- The 2010 Recommended Operating Budget for City Planning of \$36.182 million gross and \$13.222 million net is \$0.710 million or 5.1% below the 2009 Approved Operating Budget, and achieves Program reductions of \$0.939 million or 6.7% of the 2009 Approved Budget, which is \$0.243 million or 1.7% greater than the reduction target for City Planning in 2010.
- The 2010 Recommended Operating Budget for City Planning does not include funding for any new or enhanced service priority actions. Approval of the 2010 Recommended Budget will result in the Program's total staff complement decreasing from 362.5 to 350.0 approved positions as a result of the elimination of 8.5 temporary positions following the completion of 3 third party and/or Capital funded projects and a further decrease of 4 permanent vacant positions as a result of 2010 recommended service changes.
- The 2010 Recommended Operating Budget for City Planning results in incremental future year net increases to the Program of \$0.348 million in 2011 and \$0.264 million in 2012.

- In 2011, projected increases of \$0.948 million for COLA, progression pay and step increases, will be somewhat offset by \$0.550 million in increased revenue resulting from the annualized revenue generated from the fee increase for Community Planning and Committee of Adjustment applications.
- The 2012 Outlook anticipates incremental increases of \$0.264 million for progression pay and step increases.
- City Planning has presented viable 2011 reduction options during the 2010 Operating budget process which will achieve the Program's 2011 reduction target of \$0.697 million or 5% of the 2009 Approved Budget. These options will be further reviewed over the course of the year and presented for consideration with the 2011 Operating Budget.
- The 2010 Recommended Base Budget provides funding for the following key cost drivers:
 - Application Revenues based on reduced activity and application mix for Community Planning and Committee of Adjustment applications results in a net pressure of \$1.429 million for 2010.
 - A cost of living adjustment (COLA) of 2% for union staff and 1% for exempt staff and step and progression pay increases results in an increase to salaries and benefits of \$0.688 million.
- The cost drivers noted above will be partially off-set by the following savings included in the 2010 Recommended Operating Budget:
 - An inflationary increase to Committee of Adjustment and Community Planning fees effective January 1, 2010, resulting in increased revenues of \$0.399 million and a further increase effective May 1, 2010 to ensure direct cost recovery of closer to 100% for application processing, resulting in an additional increase to revenues of \$1.100 million.
 - The re-alignment of salary and benefit costs with current requirements resulting in base budget service change savings of \$0.337 million.
- The Program's 2010 Recommended Operating Budget includes service changes with savings of \$0.602 million for 2010 that will not result in incremental savings in 2011. The service change actions include \$0.323 million in service efficiency savings and \$0.280 million in revenue changes. Through the reassignment and absorption of work by existing staff, City Planning can maintain 2009 service levels while eliminating:
 - 1 vacant permanent position responsible for the support of development review, decision and implementation of Planning Act applications within Community Planning;
 - 2 vacant permanent positions responsible for minor variance and consent applications for the Committee of Adjustment; and
 - 1 vacant permanent position that supports the Program's development of policy, strategies and guidelines.

- Approval of the Service Changes will result in a reduction of 4 approved permanent positions reducing the complement to 350.
- The following key program issues have been identified during the 2010 Operating Budget process:
 - The gradual decrease in Community Planning and Committee of Adjustment development application activity and the mix of application types experienced, beginning in 2004, with a significant decrease starting in 2007 is a key issue identified and addressed through the 2010 Recommended Operating Budget.
 - The need to ensure a greater recovery of both direct costs incurred by City Planning and indirect costs sustained by other City Programs for the processing of Planning Applications has also been addressed through the 2010 Recommended Operating Budget.
- The 2010 Recommended Operating Budget for City Planning provides funding for the Program to complete, continue and initiate the following activities:
 - Receive and process a projected 3,185 development applications for Committee of Adjustment, Official Plan and Zoning By-law amendments, Site Plan, plans of sub-division, condominium approval, and part lot control, targeting 60% of complete applications to be approved (or denied) within 3 months for quick applications, 4 months for routine applications or 9 months for complex applications;
 - Deliver an estimated 400 non-statutory civic engagement community meetings with 16,000 residents on the choices and consequences of new development and infrastructure as requested within applicable communities;
 - Increase the number of properties included in the City's heritage inventory by a projected 300 to 9,300 in order to identify and preserve the heritage fabric of the City.

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2010 Recommended Operating Budget for City Planning of \$36.182 million gross and \$13.222 million net, comprised of the following service:

<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
City Planning	36,182.2	13,222.3
Total Program Budget	36,182.2	13,222.3

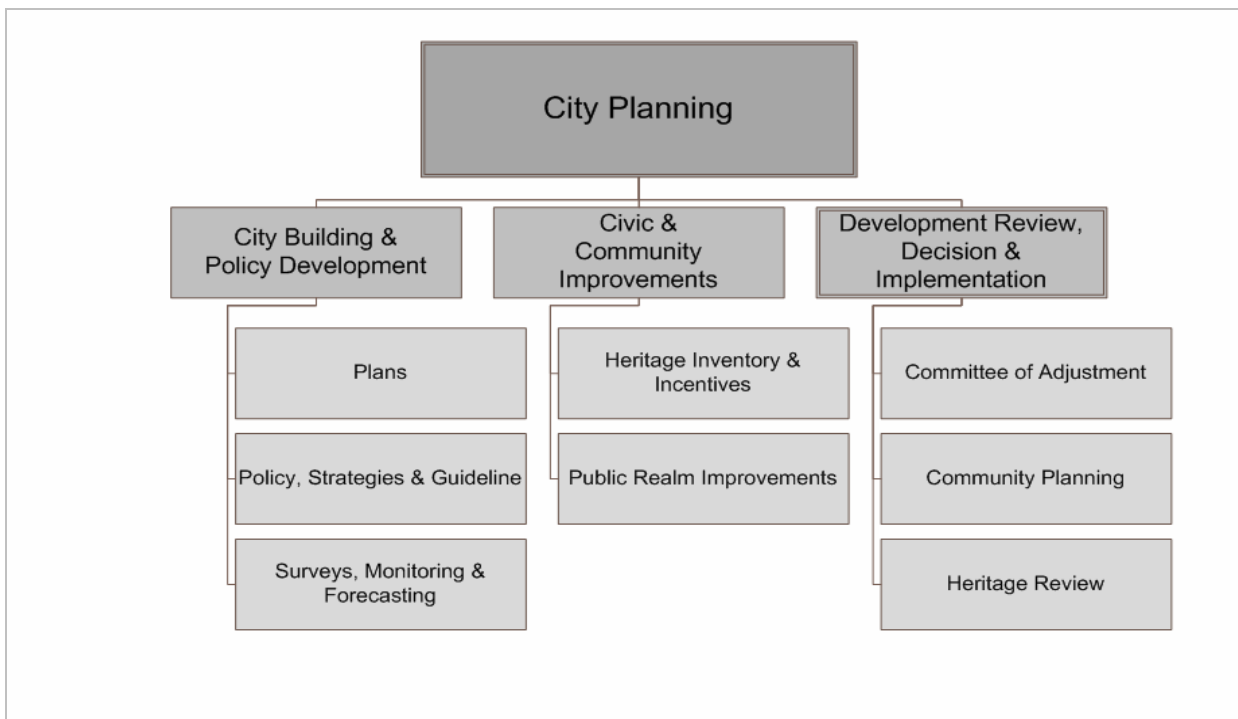
2. City Planning's Application Revenues for Community Planning and Committee of Adjustment applications be decreased by \$1.429 million in 2010 based on application volume and application mix trends experienced from 2004 to 2009, showing a significant reduction in both volume and revenue per application beginning in 2007; and
3. the Deputy City Manager responsible for City Planning report back to the Budget Committee in 2010 on the results of the detailed review of development application costs and an approach to increasing community planning and development application process fees in the future to allow for full cost recovery of all City wide costs related to the processing of community planning and development applications.

PART II: 2010 SERVICE OVERVIEW AND PLAN

Mission Statement

City Planning is committed to guiding and managing the City's physical change and growth, and the effects on the social, economic and natural environment while seeking to enhance the quality of life for Toronto's diverse residential and business communities.

Program Map



Through City Planning's 3 Services; Development Review, Decision and Implementation; Civic and Community Improvements; and City Building and Policy Development, the Program will manage the growth and physical form of the City, as set out in Toronto's Official Plan. City Planning will support residential and employment growth, protect existing stable residential neighbourhoods and the natural environment, provide opportunities for affordable housing and preserve existing stock, renew and enhance social and physical infrastructure, advance the Climate Change Plan, grow transit use, raise the quality of architecture and urban design, enhance heritage preservation, and support community engagement in the planning of the City.

Development Review, Decision and Implementation

City Planning will review development applications to ensure desirable development through public consultation and timely review processes, while ensuring the implementation of Council policies and applying relevant provincial regulations and plans.

This service includes the following key service activities:

- Committee of Adjustment, comprised of the following activity types:
 - Minor Variance, *processing approximately 2,400 applications annually City-wide.*
 - Consent, *processing approximately 350 applications annually City-wide.*
- Community Planning, consisting the following activity types:
 - Planning Act Applications, *responding to a targeted 60% of complete development applications streamed quick, routine and complex within 3, 4 and 9 months respectively.*
 - City of Toronto Act Applications
 - Agreements under the Planning & City of Toronto Acts
 - Development Implementation
 - Developer Public Art Implementation
 - Design Review Panel
 - Section 37 Implementation
- Heritage Review, including the following activity types:
 - Heritage Demolition and Alteration Approvals (or Refusals), *with a decision provided with 90 days.*

Civic and Community Improvements

City Planning will ensure the design and construction of “Special Places” that form a major portion of the physical infrastructure of the City’s open spaces and public realm, as well as encourage and facilitate heritage conservation for all eligible properties within the City.

This service consists of the following key service activities:

- Heritage Inventory and Incentives, including the following activity types:
 - Heritage Grant Program, *which is provided on an annual basis.*
 - Heritage Tax Rebate Program
 - Heritage Designations and Listings
- Public Realm Improvements, comprised of the following activity types:
 - Civic Improvements
 - Design Service for Infrastructure

City Building and Policy Development

City Planning will improve the built environment, the integration of land use and transportation, the natural environment the partnership with planning agencies within the Greater Golden Horseshoe, the quality and accessibility of human services and Toronto's economic health, while ensuring the creation of sustainable neighbourhoods.

This service is comprised of the following key service activities:

- Plans, including the following activity types:
 - Official Plan Policies, *which has a legislated requirement to bring into conformity with the Provincial Growth Plan within 3 Years and to review the Plan every 5 years thereafter.*
 - Comprehensive Zoning By-law, *with the legislated requirement to bring zoning into conformity with the Official Plan within 3 years.*
- Policy, Strategies and Guidelines, consisting of the following activity types:
 - Zoning By-law Amendment
 - Implementation Plans, Studies and Guidelines
 - Inter Regional/Inter Governmental
 - Program Policy and Practices
- Surveys, Monitoring and Forecasting, comprised of the following activity types:
 - Employment Survey, *provided on an annual basis.*
 - Resident Survey
 - Transportation Survey, *with 2 – 3 surveys provided each year.*
 - Community Services & Facility Surveys
 - Monitoring & Forecasting, *demographic, housing, regional growth patterns, development activity, transportation and Section 37 forecasting is performed every 5 years and monitored yearly.*

Multi-Service Activities

The following additional key service activity types are common within all 3 of City Planning's services:

- Judicial Boards and Commissions
- Public Engagement & Information
- Teams, Task Forces & Committees

Service Objectives

City Planning has established service objectives to address its challenges and opportunities in managing the growth and physical form of the City in accordance with Mayor and Council priorities, increasing service demands and legislative requirements. The following section outlines City Planning's service objectives for 2010 and beyond.

- Work with applicants and commenting Divisions to continue processing development applications that contribute to the health, growth and tax base of the City within targeted timeframes.
- Complete the development of the new Zoning By-law and successfully defend any appeals to the Ontario Municipal Board.
- Complete City Planning's program review and begin implementation to help address service demand challenges.
- Support the implementation of the Transit City plan for an additional 120 km of light rail lines across the City by 2021.
- Support the Climate Change, Clean Air and Sustainable Energy Action Plan through a number of implementation measures such as the Toronto Green Standards and the Green Roof By-law.
- Complete major revitalization and growth studies including Lawrence Heights, Downsview Park, Avenue Mid-Rise Typology Study, and continue progress on Waterfront initiatives.
- Respond to increased demand for local area studies including potential redevelopment of TCHC housing lands.
- Co-ordinate the review of time-sensitive, federally-funded stimulus projects to ensure completion within established timeframes.
- Support planning review and approvals for the 2015 Pan-Am Games venues and infrastructure.

PART III: 2009 EXPERIENCE

2009 Accomplishments

City Planning's major accomplishments in 2009 include:

- The processing of approximately 2,500 community planning development approval and committee of adjustment applications;
- Engaging over 16,000 residents and members of the public on the choices and consequences of new development in Toronto through 2 Avenue studies, 2 Environmental Assessments, and over 450 neighbourhood workshops and non-statutory community consulting meetings;
- Continued work on the new Zoning By-law;
- The undertaking of major growth studies such as Parks Downsview, York University Secondary Plan, Keele/Wilson Provincial Institutional Campus, Avenue Typology Study, Mimico 20/20 and the Finch/Warden Revitalization Study; and,
- Support of major City initiatives including Transit City, Spadina Subway Extension, Tower Renewal and the Agenda for Prosperity.

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.	32,362.0	37,641.6	34,158.8	(3,482.8)	(9.3)
REVENUES	19,334.0	23,709.4	13,225.7	(10,483.7)	(44.2)
NET EXP.	13,028.0	13,932.2	20,933.1	7,000.9	50.2
Approved Positions	331.5	362.5	309.5	(53.0)	(14.6)

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

2009 Budget Variance Analysis

City Planning's Third Quarter Variance report projects that the Program will be \$7.001 million or 50.2% over the 2009 Approved Operating Budget of \$13.932 million net by year-end.

- City Planning's projected unfavourable net variance is the result of \$10.484 million or 44.2% in unachieved revenues, primarily resulting from a 2009 downward shift in both application volume and mix, for Community Planning and Committee of Adjustment applications.

- Community Planning revenues have realized the most significant impact experiencing an anticipated unfavourable variance of \$5.796 million or 38% by year-end. While application volumes have decreased by a projected 15% by year-end 2009 from the 2008 activity, applicable revenues have decreased by 31% during the same period. As a result of the change in application mix experienced in 2009, the average revenue per Community Planning application has decreased from \$0.023 million per application in 2008 to \$0.018 million per application in 2009.
- In order to help mitigate its projected year-end net unfavourable variance, City Planning has maintained a vacancy rate of 17% or 60 positions, contributing to the Program's \$3.483 million in projected under-expenditures.

Impact of 2009 Operating Variance on the 2010 Recommended Budget

- Based on revenue trends experienced from 2004 to 2009, showing a significant reduction in both application volume and revenue per application beginning in 2007, the 2010 Recommended Operating Budget for City Planning includes a \$1.429 million reduction in budgeted revenues for Community Planning and Committee of Adjustment applications.
- City Planning and Financial Planning staff will continue to monitor revenue through 2010 to determine if further corrective actions to budgeted Community Planning and Committee of Adjustment application volumes will be required for consideration during the 2011 Operating Budget process.

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.	37,641.6	36,182.2	(1,459.4)	(3.9)	859.9	264.4
REVENUE	23,709.4	22,959.9	(749.5)	(3.2)	512.0	0.0
NET EXP.	13,932.2	13,222.3	(709.9)	(5.1)	347.9	264.4
Approved Positions	362.5	350.0	(12.5)	(3.4)	0.0	0.0

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
NET BUDGET	13,464.8	13,222.3	(242.5)	13,116.1
PROGRAM REDUCTION (\$)	(696.6)	(939.1)	(242.5)	(696.6)
PROGRAM REDUCTION (%)	(5.0)	(6.7)	(1.7)	(5.0)

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

(In \$000s)	2010 Required Reductions	2011 Required Reductions
2009 Approved Budget (September 30)	13,932.2	
Pressures Reported with 2010 / 2011 Outlook	229.2	347.9
Pressures Not Reported with 2010 / 2011 Outlook	0.0	0.0
5% Reduction Target	(696.6)	(696.6)
Additional Pressures not in 2010 Reported Outlook	0.0	TBD
Program Reduction Target	(696.6)	(696.6)
Net Budget Target	13,464.8	13,116.1

2010 Recommended Base Budget

The 2010 Recommended Base Budget of \$13.222 million net represents a \$0.710 million or 5.1% decrease over City Planning's 2009 Approved Operating Budget of \$13.932 million net. The 2010 Recommended Base Budget includes funding of \$0.229 million for base budget increases, which have been offset by \$0.939 million in service efficiency savings and revenue changes arising from recommended Service Changes. This represents \$0.243 million or 1.7% in Program reductions above City Planning's 2010 Operating Budget reduction target of \$0.697 million or 5% of the 2009 Approved Budget.

Approval of the 2010 Recommended Base Budget will result in the Program's total approved complement decreasing from 362.5 to 350.0 approved positions as a result of the elimination of 8.5 temporary positions following the completion of third party and/or Capital funded projects and a further decrease of 4 permanent approved positions as a result of service changes recommended for 2010.

2010 Base Budget Key Cost Drivers

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

- A decrease in activity and change in mix of Community Planning and Committee of Adjustment applications requires a net increase to the Program of \$1.429 million.
- Cost of living adjustments (COLA) of 2% for union staff and 1% for exempt staff requires an increase of \$0.487 million for salaries and benefits.
- Step and progression pay increases of \$0.138 million and \$0.063 million respectively.

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

- An increase to Committee of Adjustment and Community Planning fees effective January 1, 2010, resulting in increased revenues of \$0.399 million to somewhat offset the Programs inflationary labour expenses.
- An additional increase to Committee of Adjustment and Community Planning fees effective May 1, 2010, resulting in increased revenues of \$1.100 million ensuring the Program is able to recover approximately 95% of its direct costs related to the development approval process, based on current revenue projections.
- Payroll cost savings of \$0.337 million resulting from a detailed position by position review of salaries and benefits across the Program.

2010 Service Changes

City Planning's 2010 Recommended Base Budget includes service change savings of \$0.939 million representing 6.7% of the 2009 Approved Budget that will not result in incremental savings in 2011. The recommended 2010 service changes are comprised of \$0.337 million in base change savings noted above and \$0.602 million in savings arising from revenue changes and service efficiencies.

The recommended service changes are summarized below:

Service Efficiencies

- Reduction of 1 permanent vacant Administrative Support position, which supports the development review, decision and implementation of Planning Act applications within Community Planning, effective January 1, 2010 with Program savings of \$0.062 million.
- Reduction of 2 permanent vacant Assistant Planner positions responsible for minor variance and consent applications for the Committee of Adjustment, effective January 1, 2010 with anticipated savings of \$0.161 million.

- Reduction of 1 permanent vacant Planner position that supports the Programs development of policy, strategies and guidelines, effective January 1, 2010 with forecasted savings of \$0.100 million.

Revenue Changes

- The reduction of the STAR revenue transfer for Development Application services provided from Parks, Forestry and Recreation Division and Technical Services to City Planning, with Program savings of \$0.280 million.

Please refer to Part V of the Notes for a discussion regarding the 2010 Recommended Base Budget Service Changes.

2011 and 2012 Outlook: Net Incremental Impact

Approval of the 2010 Recommended Base Budget for City Planning will result in a 2011 and 2012 incremental increase of \$0.348 million and \$0.264 million, respectively, to maintain the 2010 level of service and staff complement. Future year costs are primarily attributed to the following:

- The 2011 Outlook for City Planning anticipates incremental net expenditure increases of \$0.948 million for COLA, progression pay and step increases, which will be somewhat offset by \$0.550 million in revenue resulting from the annualized revenue generated from Community Planning and Committee of Adjustment fee increases.
 - The 2010 Recommended Operating Budget will not result in any 2011 incremental service change savings to assist the Program in achieving their 2011 reduction target of a further decrease of \$0.697 million or 5% of the 2009 Approved Budget. City Planning has presented viable 2011 reduction options during the 2010 process. These options will be further reviewed over the course of the year and presented for consideration during the 2011 Operating Budget process.
- The 2012 Outlook anticipates incremental increases of \$0.264 million for progression pay and step increases.

PART V: 2010 RECOMMENDED SERVICE CHANGES

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

Description	2010 Recommended Service Changes				Net Incremental Impact	
	Position Change	Gross Exp.	Net Exp.	% Change over 2009 Budget	2011	
	#	\$	\$	#	\$	# Pos
Base Change Summary	0.0	(336.9)	(336.9)	-2.4%	0.0	0.0
Service Efficiencies:						
Reduction of Admin. Support	(1.0)	(61.7)	(61.7)	-0.4%		
Staff Reduction - Committee of Adjustment	(2.0)	(161.2)	(161.2)	-1.2%		
Staff Reduction - Policy and Research	(1.0)	(99.8)	(99.8)	-0.7%		
Revenue Changes:						
STAR Revenue Transfer Reduction			(279.5)	-2.0%		
Sub-Total Service Changes	(4.0)	(322.7)	(602.2)	-4.3%	0.0	0.0
Total Changes	(4.0)	(659.6)	(939.1)	-6.7%	0.0	0.0

2010 Recommended Service Changes

The budgetary impact of implementing the following service changes are included in the 2010 Recommended Base Budget, with savings estimated at \$0.939 million in 2010 with no incremental impact in 2011 as these are annualized savings, effective January 1, 2010. Approval of the recommended service changes will result in a reduction of 4 approved permanent vacant positions reducing City Planning's complement to 350.0. Included in the \$0.939 million in savings is \$0.337 million in reductions applied to the base budget, which will have no impact in the level of service provided by the Program in 2010.

Service Changes

The following 4 recommended service changes included in City Planning's 2010 Recommended Base Budget, resulting in 2010 savings of \$0.602 million net are discussed below.

Service Efficiencies

Reduction of Administrative Support

The 2010 Recommended Operating Budget for City Planning includes permanent service efficiency savings of \$0.062 million arising from the reduction of 1 currently vacant permanent Administrative Support Assistant position within Community Planning effective January 1, 2010.

The Program will maintain 2009 service levels as they have already reassigned, absorbed and shared the functions of this vacant position among the remaining Support positions responsible for the delivery of development review, decision and implementation services for Planning Act applications within Community Planning.

Staff Reduction - Committee of Adjustment

This recommended service change proposes the reduction of 2 currently vacant permanent Committee of Adjustment Assistant Planner positions, effective January 1, 2010, resulting in savings of \$0.161 million.

The responsibilities of these vacant positions, which were to Committee of Adjustment's minor variance and consent application processing, have already been reassigned resulting in no impact to the current level of service following the position deletion.

Staff Reduction – Policy and Research

The 2010 Recommended Operating Budget for City Planning includes service efficiency savings of \$0.100 million arising from the reduction of 1 currently vacant permanent Planner position within Policy and Research, effective January 1, 2010.

The reassignment of this function among existing staff during the vacancy has resulted in less efficient service delivery pertaining to the development of the Program's policy, strategies and guidelines, however the permanent reduction of this position will not lead to any further decrease in service.

Revenue Changes

STAR Revenue Transfer Reduction

The 2010 Recommended Operating Budget for City Planning includes \$0.280 million in net savings arising from the reduction of the Streamlining The Application Review (STAR) revenue transfer for Development Application services provided from the Parks, Forestry and Recreation Division and Technical Services.

The STAR revenue transfer was established in 2004 as a temporary measure to fund indirect expenses incurred by Parks, Forestry and Recreation and Technical Services in the delivery of the application review process, until such time as a comprehensive fee rationalization study was brought forward to capture the City-wide cost of the development approval process.

The comprehensive fee rationalization study has been completed by the Development Application Review Process (DARP) team and it is recommended that City Planning report to Budget Committee in 2010 on the results of the detailed review of development application costs and an approach to increase community planning and development application process fees to allow for full cost recovery of all City-wide costs related to the application review process.

The 2010 Recommended Operating Budget will maintain a transfer of \$0.078 million to Parks, Forestry and Recreation, reduced by \$0.074 million, and eliminate the STAR revenue transfer to Technical Services. This change will not result in any service level changes to the Program.

PART VII: ISSUES FOR DISCUSSION

2010 Budget Issues

City Planning Unfavourable Revenue Variance

City Planning is projecting a 2009 year-end unfavourable revenue variance of \$10.484 million, representing 44.2% decrease from 2009 Approved Revenues. Of these under recoveries, \$7.673 million or 73.2% are the result of a projected volume decrease and a change in application mix for Community Planning and Committee of Adjustment applications.

City Planning processed a projected 536 Community Planning applications by year-end 2009. This represents a decrease of 98 applications or 15% from the 634 applications processed in 2008. City Planning is projecting that these applications will result in \$9.522 million in 2009 revenue, which will be a decrease of \$4.250 million or 31% from the \$13.772 million in revenue collected in 2008.

While Community Planning application volumes have decreased by 15% from 2008, applicable revenues have decreased by 31% over the same period. This arises from the change in application mix resulting in lower revenue per application as seen in the table below.

Community Planning Applications

Application Type	2007	2008	2009
OPA/Rezoning	109	126	97
Site Plan Approval	425	408	358
Condominium	76	75	62
Part Lot Control	21	16	14
Subdivision	9	9	5
Total Activity	640	634	536
Revenue (\$000s)	13,310	13,772	9,522
Revenue Per Application * (\$000s)	22.1	22.5	17.8

* Revenues have been adjusted by annual inflationary increases.

City Planning processed a projected 2,341 Committee of Adjustment applications in 2009. This represents a decrease of 614 applications or 21% from the 2,955 applications processed in 2008. City Planning is projecting that these applications will result in \$2.799 million in 2009 application revenue which is a decrease \$0.960 million or 26% compared to the \$3.759 million in revenue collected in 2008.

While Committee of Adjustment application volumes have decreased by 21% from 2008, applicable revenues have decreased by 26% over the same period. This arises again from the change in application mix resulting in lower revenue per application as seen in the table below.

Committee of Adjustment Planning Applications

Application Type	2007	2008	2009
Consent	391	366	289
Minor Variance	2,896	2,589	2,052
Total Activity	3,287	2,955	2,341
Revenue (\$000s)	4,177	3,759	2,799
Revenue Per Application * (\$000s)	1.35	1.32	1.20

* Revenues have been adjusted by annual inflationary increases.

City Planning's 2010 Recommended Operating Budget anticipates an increase in application volumes in 2010 from the actuals experienced in 2009 as a result of the continued recovery of the market. As well, a recommended volume-based decrease of \$1.429 million for application revenues based on trends experienced from 2004 to 2009. In both instances there has been a downward trend in application volume and revenue per application beginning in 2007.

Planning Application Fee Increase

The 2010 Recommended Operating Budget for City Planning includes an increase to Planning Application fees effective May 1, 2010 to ensure a greater recovery of direct costs incurred by City Planning in processing applications.

Section 69 of the Planning Act provides municipalities with the authority to establish fees for the processing of applications. The Act provides that the fee must only cover the cost of processing such applications and must not exceed these costs. City Planning processes Community Planning applications, which includes Official Plan and Zoning amendments, site plan approvals, plans of subdivision and condominium and part lot applications, minor variances and consents.

City Planning does not currently recover 100% of the direct costs associated with the processing of development applications. While the cost of the various applications increases each year to reflect cost of living adjustments, the base fees are presently set below full cost recovery. The recommended Planning Application fee increase will ensure the Program is able to recover approximately 95% of its direct costs related to the development approval process, based on current revenue projections.

In considering application fee increases for development approval applications, City staff reviewed the costs of similar applications in a number of Ontario municipalities including Brampton, Vaughan, Ottawa and Mississauga. For the majority of development application types, the recommended fee increase will not rank Toronto in the top tier of fees of larger municipalities in Ontario. It should also be noted that many Ontario municipalities charge additional fees for certain application services including re-circulation fees, pre-application consultation fees, dormant file fees, and OMB administrative fees. The costs associated with these services are part of the City's overall fee structure.

2011 and Future Year Issues

2011 Reduction Target

City Planning has presented feasible 2011 reduction options during the 2010 Budget process to achieve the Program's 2011 reduction target of \$0.697 million or 5% of the 2009 Approved Budget. These options will be further reviewed over the course of the year and presented for consideration during the 2011 Operating Budget process.

Outstanding Issues from 2009 and Prior Years

Full Cost Recovery Model

City Planning's current cost recovery model for Community Planning development application reviews does not account for all City wide eligible direct and indirect costs associated with these services, as a result the true cost recovery rate is unknown.

In response to City Council's direction in 2007, the Development Application Review Team (DARP) with the support of City Planning and other affected Program areas to undertake a detailed review of development application costs. This review, once completed will identify all of the City's direct and indirect costs related to the processing of community planning and development application review.

It is recommended that the Deputy City Manager responsible for City Planning report back to the Budget Committee in 2010 on the results of the detailed review of development application costs and an approach to increasing community planning and development application process fees in the future to allow for full cost recovery of all City wide costs related to the processing of community planning and development applications.

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	362.5	37,114.3	23,501.4	13,612.9	0.0	0.0
Technical Adjustments		535.2	208.0	327.2		
In-Year Budget Adjustments		(7.9)		(7.9)		
2009 Approved Operating Budget	362.5	37,641.6	23,709.4	13,932.2	0.0	0.0
Prior Year Impacts:						
Annualizations from Prior Year			87.6	(87.6)		
Reversals from Prior Year	(8.5)	(1,337.5)	(1,372.5)	35.0		
Operating Impacts of Capital				0.0		
Zero Base Items				0.0		
Economic Increases:						
Salary		687.7		687.7	948.3	264.4
Non Salary				0.0		
Adjusted Base Budget	354.0	36,991.8	22,424.5	14,567.3	948.3	264.4
Base Expenditure Changes		(486.9)	150.5	(637.4)	(50.2)	
Base Revenue Changes			105.4	(105.4)	(550.2)	
2010 Base Budget Prior to Service Changes	354.0	36,504.9	22,680.4	13,824.5	347.9	264.4
Recommended Service Changes:						
Service Efficiencies	(4.0)	(322.7)		(322.7)		
Revenue Changes			279.5	(279.5)		
Minor Service Level Changes				0.0		
Major Service Level Changes				0.0		
Total Recommended Base Changes	(4.0)	(322.7)	279.5	(602.2)	0.0	0.0
2010 Recommended Base Budget	350.0	36,182.2	22,959.9	13,222.3	347.9	264.4

Appendix B
Summary of Service Changes

Appendix D

Program Summary by Expenditure Category

CLUSTER: CITIZEN CENTRED SERVICES "B"							
PROGRAM: City Planning							
	2009 Approved Budget	2009 Projected Actuals	2010 Recommended Budget	Change from 2009 Approved Budget		2011 Outlook	2012 Outlook
	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	34,467.8	31,477.1	33,549.6	(918.2)	(2.7%)	34,469.0	34,733.4
Materials and Supplies	218.5	189.2	218.5	0.0	0.0%	218.5	218.5
Equipment	190.8	190.8	190.8	0.0	0.0%	190.8	190.8
Services & Rents	2,279.1	1,816.1	1,737.9	(541.2)	(23.7%)	1,678.4	1,678.4
Contributions to Capital				0.0	n/a		
Contributions to Reserve/Res Funds	57.8	57.8	57.8	0.0	0.0%	57.8	57.8
Other Expenditures				0.0	n/a		
Interdivisional Charges	427.6	427.9	427.6	0.0	0.0%	427.6	427.6
TOTAL GROSS EXPENDITURES	37,641.6	34,158.9	36,182.2	(1,459.4)	(3.9%)	37,042.1	37,306.5
Interdivisional Recoveries			58.5	58.5	n/a	79.8	79.8
Provincial Subsidies	275.0			(275.0)	(100.0%)		
Federal Subsidies				0.0	n/a		
Other Subsidies				0.0	n/a		
User Fees & Donations	20,238.0	10,976.4	20,302.2	64.2	0.3%	20,852.4	20,852.4
Transfers from Capital Fund	2,085.2	1,457.7	1,890.1	(195.1)	(9.4%)	1,890.1	1,890.1
Contribution from Reserve Funds	493.8	458.8	257.3	(236.4)	(47.9%)	197.8	197.8
Contribution from Reserve				0.0	n/a		
Sundry Revenues	617.5	332.8	451.8	(165.7)	(26.8%)	451.8	451.8
TOTAL REVENUE	23,709.4	13,225.7	22,959.9	(749.5)	(3.2%)	23,471.9	23,471.9
TOTAL NET EXPENDITURES	13,932.2	20,933.2	13,222.3	(709.9)	(5.1%)	13,570.2	13,834.6
APPROVED POSITIONS	362.5	309.5	350.0	(12.5)	(3.4%)	350.0	350.0

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
			\$	\$	\$
247 Richmond St. E. Reserve Fund	4500032	Beginning Balance	76.3	46.8	46.8
		Proposed Withdrawals (-) / Contributions (+)	(29.5)		
		Total Proposed Contributions (Withdrawals)	(29.5)	0.0	0.0
(RESERVE NAME / #) BALANCE AT YEAR END			46.8	46.8	46.8

*Balance as of December 2009

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	2010*	2011	2012
			\$	\$	\$
1050 The Queensway Section 37 Reserve	3700014	Beginning Balance	32.8	2.8	2.8
		Proposed Withdrawals (-) / Contributions (+)	(30.0)		
		Total Proposed Contributions (Withdrawals)	(30.0)	0.0	0.0
(RESERVE NAME / #) BALANCE AT YEAR END			2.8	2.8	2.8

*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	57.8	57.8	57.8
Capital Revolving Fund	XR1058	39,871.8	(197.8)	(197.8)	(197.8)
Total Reserve / Reserve Fund Draws / Contributions			(140.0)	(140.0)	(140.0)