Ensuring Toronto’s Fiscal Health while Investing for the Future

Toronto City Manager, Joseph P. Pennachetti
Institute for Municipal Finance and Governance, University of Toronto
May 1, 2013
Presentation Outline

- Toronto in Context

- Ensuring Toronto’s Fiscal Health
  - Stabilizing the City’s Finances
  - Overview of City of Toronto 2013 Budget & Multi-Year Plans

- Investing in Toronto’s Future
  - Strategic Plan—The Next 5 Years
  - Key Strategic Actions

- Concluding Thoughts
Toronto in Context
## Toronto Scores Well in International Rankings

<table>
<thead>
<tr>
<th>KPMG</th>
<th>AON Hewitt</th>
<th>PWC</th>
<th>Economist Intelligence Unit</th>
<th>Toronto Region Board of Trade</th>
</tr>
</thead>
</table>

1. New York  
2. Singapore  
3. Toronto  
4. London  
5. Montreal  
6. Los Angeles  
7. Copenhagen  
8. Hong Kong  
9. Zurich  
10. Vancouver  

[http://www.toronto.ca/progress/world_rankings.htm](http://www.toronto.ca/progress/world_rankings.htm)
## Business Climate 2012: Toronto Ranks Very Well

<table>
<thead>
<tr>
<th>Rank</th>
<th>Index</th>
<th>Scope of Ranking</th>
</tr>
</thead>
<tbody>
<tr>
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<td>CIBC - Canadian Cities: An Economic Snapshot</td>
<td>National - 25 CMAs</td>
</tr>
<tr>
<td>2</td>
<td>Modis – 12 North American Cities for IT Jobs</td>
<td>North America - 12 Cities</td>
</tr>
<tr>
<td>2</td>
<td>Fast Company Magazine – Top 10 Smart Cities on the Planet</td>
<td>Global - 10 Cities</td>
</tr>
<tr>
<td>2</td>
<td>University-Newark and the Department of Political Science at Kent State University - Municipal Digital Governance Ranking</td>
<td>Global - 10 Cities</td>
</tr>
<tr>
<td>2</td>
<td>Aon Hewitt – People Risk Index</td>
<td>Global - 10 Cities</td>
</tr>
<tr>
<td>2</td>
<td>WalkScore - Most Walkable Cities</td>
<td>National - 131 Cities</td>
</tr>
<tr>
<td>3</td>
<td>PricewaterhouseCoopers - Cites of Opportunity</td>
<td>Global - 27 Cities</td>
</tr>
<tr>
<td>4</td>
<td>Startup Genome – The World's Top Tech Hubs</td>
<td>Global - Top 25 Cities</td>
</tr>
<tr>
<td>4</td>
<td>FDI Intelligence - American Cities of the Future</td>
<td>North America - 10 Cities</td>
</tr>
<tr>
<td>4</td>
<td>Economist Intelligence Unit – Liveability Ranking</td>
<td>Global - 140 Cities</td>
</tr>
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<td>4</td>
<td>List of North American Cities by Population</td>
<td>North America</td>
</tr>
<tr>
<td>5</td>
<td>KPMG's 2012 Comparative Alternative Study</td>
<td>Global - 44 Cities</td>
</tr>
<tr>
<td>5</td>
<td>Toronto Board of Trade – Scorecard on Prosperity</td>
<td>Global - 24 CMAs</td>
</tr>
<tr>
<td>5</td>
<td>KPMG's 2012 Competitive Alternatives Special Report: Focus on Tax</td>
<td>Global - 55 Cities</td>
</tr>
<tr>
<td>7</td>
<td>Colliers International – Office Markets 2012 – Lowest Vacancy Rates in North America</td>
<td>North America - 75 Office Markets</td>
</tr>
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<td>7</td>
<td>The Bankers - International Financial Centre Rankings</td>
<td>Global - 53 Cities</td>
</tr>
<tr>
<td>8</td>
<td>Startup Genome - Global Start Up Ecosystems</td>
<td>Global - 20 Cities</td>
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<tr>
<td>10</td>
<td>Z/Yen Group – Global Financial Centres Index</td>
<td>Global - 77 Cities</td>
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<tr>
<td>12</td>
<td>Economist Intelligence Unit - Global City Competitiveness</td>
<td>Global - 120 Cities</td>
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<tr>
<td>15</td>
<td>Mercer Consulting Quality of Living</td>
<td>Global - 221 Cities</td>
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<tr>
<td>16</td>
<td>A T Kearney Global Cities Index</td>
<td>Global - 66 Cities</td>
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<td>Times Higher Education - Top Universities by Reputation</td>
<td>Global - 100 Universities</td>
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<td>19</td>
<td>QS World University Ranking - UofT</td>
<td>Global - 872 Universities</td>
</tr>
<tr>
<td>61</td>
<td>Mercer Consulting The World's Most Expensive Cities</td>
<td>Global - 99 Cities</td>
</tr>
</tbody>
</table>
Toronto is the 4th Largest City in North America

<table>
<thead>
<tr>
<th>City</th>
<th>2011 Population (in millions)</th>
<th>2011 Regional Population (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico City</td>
<td>8.8</td>
<td>21.2</td>
</tr>
<tr>
<td>New York</td>
<td>8.0</td>
<td>18.9</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>3.7</td>
<td>12.8</td>
</tr>
<tr>
<td>Toronto</td>
<td>2.7</td>
<td>5.8</td>
</tr>
<tr>
<td>Chicago</td>
<td>2.7</td>
<td>9.5</td>
</tr>
<tr>
<td>Houston</td>
<td>2.1</td>
<td>5.9</td>
</tr>
<tr>
<td>Montreal</td>
<td>2.0</td>
<td>3.9</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>1.5</td>
<td>6.0</td>
</tr>
<tr>
<td>Phoenix</td>
<td>1.4</td>
<td>4.2</td>
</tr>
<tr>
<td>San Antonio</td>
<td>1.3</td>
<td>2.1</td>
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<tr>
<td>San Diego</td>
<td>1.3</td>
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<tr>
<td>Dallas</td>
<td>1.2</td>
<td>6.4</td>
</tr>
<tr>
<td>San Jose</td>
<td>0.9</td>
<td>1.8</td>
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</table>
Toronto CMA GDP is larger than most provinces in Canada
### Industry/Cluster: Urban Region Rankings, 2011

<table>
<thead>
<tr>
<th>Industry/Cluster</th>
<th>Urban Regions, Ranking by Size (Number of Employees) 2011</th>
<th>Rank</th>
</tr>
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<tbody>
<tr>
<td>Film and Television</td>
<td>Los Angeles, New York, <strong>Toronto</strong> (*), Chicago, Atlanta, Washington, Denver, Philadelphia</td>
<td>3rd</td>
</tr>
<tr>
<td>Food and Beverage</td>
<td>Chicago, New York, Los Angeles, <strong>Toronto</strong> (*), Dallas, San Francisco, Detroit, Minneapolis</td>
<td>4th</td>
</tr>
<tr>
<td>Creative Sectors</td>
<td>New York, Los Angeles, <strong>Toronto</strong> (*), Washington, Chicago, San Francisco, Philadelphia, Houston</td>
<td>3rd</td>
</tr>
<tr>
<td>Automotive</td>
<td>Detroit, <strong>Toronto</strong> (*), Dallas, Chicago, Louisville, San Antonio, New York, Atlanta</td>
<td>2nd</td>
</tr>
<tr>
<td>Financial Services</td>
<td>New York, Los Angeles, Dallas, <strong>Toronto</strong> (*), Chicago, Philadelphia, Boston, Minneapolis, Atlanta</td>
<td>4th</td>
</tr>
<tr>
<td>Business Services</td>
<td>New York, Los Angeles, Chicago, Washington, <strong>Toronto</strong> (*), Dallas, Houston, Philadelphia</td>
<td>5th</td>
</tr>
<tr>
<td>Apparel and Textile Manufacturing</td>
<td>Los Angeles, New York, Chattanooga, Riverside, Atlanta, <strong>Toronto</strong> (*), Portland, Miami, Dallas</td>
<td>6th</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>New York, Los Angeles, Philadelphia, Boston, Chicago, San Francisco, Washington, Dallas, San Jose, <strong>Toronto</strong> (*), Minneapolis</td>
<td>10th</td>
</tr>
<tr>
<td>Information, Communication, Technology (ICT)</td>
<td>New York, Dallas, San Jose, Los Angeles, San Francisco, <strong>Toronto</strong> (*), Washington, Chicago, Boston, Atlanta, Seattle, Minneapolis</td>
<td>6th</td>
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</table>
Toronto Leads in High Rise Buildings Under Construction (North American Cities)

Source: www.emporis.com
Updated March 25, 2013
Growth in the Downtown Core

Population Growth in the GTA

Approximate Echo Boomer Share of Population

Source: TD Economics – A Return to the Core (Jan.22, 2013)
Employment in the City of Toronto (Establishments)

Source: City of Toronto Planning Division Employment Survey
Employment Rates

Source: Statistics Canada Labour Force Survey – Seasonally Adjusted 3 Month Averages
Toronto’s unemployment rate is higher than the national average...

Source: Statistics Canada – Labour Force Survey
Seasonally Adjusted Monthly
Traffic congestion is a serious and costly issue...

- OECD (2008):
  - Lack of transportation infrastructure is a major drag on competitiveness of region

- Toronto Board of Trade (2011):
  - $6 billion annual cost of GTA congestion
  - If unaddressed, by 2031, cost of congestion estimated to increase to $15 billion annually
TTC Ridership Continues to Rise
Housing Affordability and Growing Income Gap in Toronto’s Neighbourhoods

Percent Change of Persons Below LICO, 2001 to 2006
City of Toronto, 2006

Legend
Persons with Low Income, 2001 to 2006
Percent Change

-37 - 0
0 - 15
15 - 30
30 - 100

Notes: This income group reflects a percentage of all income earners (15+ yrs).
Data is presented by Neighbourhood.

Source: Canada Census 2008
Copyright City of Toronto 2010. All Rights Reserved
Created by: Social Policy Analysis & Research
Date of Publication: November, 2010
Contact: spar@toronto.ca
Health and Wellness
Torontoians value healthy lifestyles, but how do we get moving towards better health?
• Obesity affects 1 in 7 Toronto children (9 years and older).
• 86% of Canadian children spent 3 hours or less a week—excluding weekends—in active play (guidelines suggest 180 minutes per day). In Toronto, that’s about 184,400 of the city’s 400,800 children.

Safety
The numbers tell us Toronto is getting safer, but do Torontoians feel safer?
• The number of crimes in Toronto dropped for all crime categories in 2011. In 2011, 18,144 to 25 per cent decrease in just 5 years, and a 1.3 per cent decrease since 2010.
• The number of deaths from traffic to the lowest level since statistics were first gathered in 1990.
• 97 per cent of residents felt safe in Toronto (92 per cent of residents felt safe in Toronto in 2010, up from 89 per cent in 2009).

Work
Toronto does a great job of attracting young workers, but how do we ensure job opportunities for them?
• The Toronto Region scores high on labour attractiveness in 3rd place out of 24 global cities.
• In July 2013, about 10% of the people in Toronto’s workforce were unemployed—only a one-third higher than Canada’s unemployment rate of 3.9%.
• The youth unemployment rate (15-24-year-olds) in the Toronto Region remained above 17 per cent in 2011 (17.1 per cent higher than in 2010).

Gap between Rich and Poor
How is the profile of poverty changing in Toronto?
• In its Scorecard on Prosperity, the Toronto Board of Trade gave Toronto a “C” for income distribution, making it Canada’s least equitable metropolitan region.
• The number of low-income lone-parent families declined by 5 percent between 2009 and 2010, while the number of low-income single people—particularly seniors—increased.

Housing
How serious are we about resolving our affordable housing crisis?
• Housing affordability has deteriorated by 40% since the Toronto Region last saw a building boom.
• A standard two-storey house in Toronto now costs almost $600,000.

Getting Around
How will Toronto achieve a consensus on funding a much-needed regional transit network?
• Canada’s transit systems need to invest almost $70 billion between 2011 and 2016; 80% of it in the Toronto Region, to meet demand for new service and alleviate current transit pressures.
• In 2011, the TTC set a new ridership record for the second year in a row, transporting more than half a billion passengers.
• More than half of GTA residents polled in 2011 believe the public transit is the highest funding priority, and 15 per cent supported the implementation of a congestion tax similar to that introduced in London.

Environment
We have much to be proud of, but can Toronto reach its waste diversion goal of 70%?
• Toronto disposes less than 3% per cent of residential waste from landfills—still long way from the 70 per cent diversion goal.
• The number of buildings that meet the LEED Gold standard jumped from 17 per cent between April 2011 and March 2012.

Arts and Culture
If Toronto made the same investment in arts and culture as other big cities in Canada, what economic and social impact would that have?
• Toronto experienced 14% growth in cultural investment between 2006 and 2010, putting it in last place compared to other Canadian cities (Calgary, Ottawa, Montreal and Vancouver increased growth of 55%).
• The 2012 City budget of $13.3 million for grants funding to cultural organizations was unchanged from 2011 to 2010.
• Toronto has the largest neighbourhood-based library system in the world. In 97 branches welcomed more than 19 million visitors in 2011.

Leadership, Civic Engagement and Belonging
Why is the ‘diversity gap’ in leadership not showing in a diverse city like Toronto?
• There are 3,500 minority community members out of 45 (in the City of Toronto), rather than the 2% who would more accurately reflect the city’s diverse population.
• 57% of respondents to a recent poll said that “Torontoites” best describe who they are. The sense of identification with the city was stronger in Toronto than in any of Canada’s other large cities.
• Torontoites identify their city as enriched by diversity (MOU, a global financial centre (VPP) and a city that embraces new currents (AA)).

Where is Toronto strong?
We are the 15th most livable city in the world (out of 21 global cities), and 12th in competitiveness (out of 120 global cities).
• At the end of 2011, Toronto’s economic momentum was at its highest level in ten years.
• There were 189 high rises under construction at the start of 2012, compared to 97 a year earlier.
• Personal bankruptcies declined to their lowest number since 2000 (29% lower in 2011 than in 2010).
• The 1,000 or more ‘green’ organizations and businesses in the Toronto Region have generated 20,000 jobs and injected $2 billion into the regional economy.
• Our cultural product is strong. Toronto’s Film, television, digital media and commercial production rebounded in 2011, close to the peak high of 2001. The sector earned more than $1.3 billion from on-location shooting in Toronto in 2011.

Where is Toronto vulnerable?
By 2025, almost 60% of Toronto neighbourhoods could be low-income.
• Projections by University of Toronto researchers predict a virtual disappearance of middle-income neighbourhoods by 2025 (from 60% in 1970 to 20% of Toronto’s neighbourhoods in 2025). The starkest change will be in the proportion of very high- and very low-income neighbourhoods.
• In 2011, the number of Toronto homicides was at its lowest level since 1999, but increased gun violence in the city in 2012 is cause for concern.
• Most newcomers arrive in Toronto healthier than the average Canadian, but many become less healthy as they live here longer. Over time, changes in diet, stress, and economic marginalization take their toll.
• 1 in 10 adults in Toronto was living with Type 2 diabetes in March 2011. Areas of northwest and east Toronto have some of the highest prevalence rates in Ontario.
City of Toronto: Municipal Government Role

- Creating conditions that support the City’s high quality of life

- Provide a wide range of key services to address needs of a large urban centre
  - More than 40 core services
  - Large number of agencies, boards, commissions & corporations

- Provider and partner in ensuring adequate social and physical infrastructure today and in the future
Ensuring Toronto’s Fiscal Health
Long Term Fiscal Plan

- Long Term Fiscal Plan approved in 2005 to ensure the City is in a sound financial condition. This requires addressing the City’s structural deficit...

Vision of the Plan:
- **Well managed** — for service recipients
- **Sustainable** — for future generations
- **Affordable** — for current residents and businesses.
The Balance of Fiscal Sustainability

Expenditures

- Long-term Expenditure Framework:
  - Service Transfers to Other Orders of Governments
  - Service Efficiency Studies and Core Service Review
  - Staffing & Compensation

Assets & Liabilities

- Physical Infrastructure
- Debt
- Unfunded Liabilities
- Reserve Funds

Revenues

- Tax and User Fee Competitiveness
- New & Sustainable Revenues

Expenditure Strategies

Revenue Strategies

Asset & Liability Funding Strategies
Expenditure Reduction Strategy: Service Review Program

Core Service Review
- Examined what services the City should be delivering

Service Efficiency Studies
- Examining service levels and how specific City services are delivered.

User Fee Review
- Examined all user fees to determine the extent to which they are fair and collect the full cost of providing the service.

www.torontoservicereview.ca
Revenue Raising Strategy: Growing Revenues Beyond Property Taxes

MLTT, Gas Taxes, Development Charges ($M)

User Charges
MLTT
Fed/Prov Gas Tax
Development Charges


User Charges are plotted on the 2\textsuperscript{nd} Y-Axis on a different scale.

Note: User Charges are plotted on the 2\textsuperscript{nd} Y-Axis on a different scale.
Asset & Liability Funding Strategy: Focus on State–of–Good Repair

Over 10 Years, SOGR Backlog as a % of Capital Asset Value will decrease from 6% to 4%
### Long Term Fiscal Plan Scorecard

<table>
<thead>
<tr>
<th>Identified in the LTFP 2005</th>
<th>Current Status (2013)</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Well-Managed (Expenditures)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>· City has higher costs than surrounding municipalities</td>
<td>Costs reduced</td>
<td><img src="https://via.placeholder.com/15" alt="Green Check" /></td>
</tr>
<tr>
<td>· Demands for growth need to be adequately funded</td>
<td>Expenditures growth slowed but still growing</td>
<td><img src="https://via.placeholder.com/15" alt="Green Check" /></td>
</tr>
<tr>
<td>· Capacity to sustain services in an economic downturn</td>
<td>Social Services &amp; Court Security upload. Restoration of full 50% funding on Ontario Works administration costs</td>
<td><img src="https://via.placeholder.com/15" alt="Green Check" /></td>
</tr>
<tr>
<td><strong>Affordable (Revenues)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>· Business taxes need to be more competitive</td>
<td>Improving business competitiveness</td>
<td><img src="https://via.placeholder.com/15" alt="Green Check" /></td>
</tr>
<tr>
<td>· Revenue growth need to match responsibilities/growth</td>
<td>Revenues diversified - Provincial Upload on schedule; User Fees Enhanced</td>
<td><img src="https://via.placeholder.com/15" alt="Green Check" /></td>
</tr>
<tr>
<td>· Province needs to properly fund income support programs and public transit</td>
<td>Secured permanent share of Fed/Prov. Gas Tax</td>
<td><img src="https://via.placeholder.com/15" alt="Green Check" /></td>
</tr>
<tr>
<td></td>
<td>Provincial 50% Transit Operating Funding</td>
<td><img src="https://via.placeholder.com/15" alt="Green Check" /></td>
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<tr>
<td></td>
<td>Share of Harmonized Sales Tax</td>
<td><img src="https://via.placeholder.com/15" alt="Green Check" /></td>
</tr>
<tr>
<td><strong>Sustainable (Assets &amp; Liabilities):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>· Ageing infrastructure must be replaced</td>
<td>10 Year Capital Plan</td>
<td><img src="https://via.placeholder.com/15" alt="Green Check" /></td>
</tr>
<tr>
<td>· Employee benefits and other liabilities need to be adequately funded</td>
<td>More than 60% to be spent on State of Good Repair</td>
<td><img src="https://via.placeholder.com/15" alt="Green Check" /></td>
</tr>
<tr>
<td></td>
<td>Debt increase mitigated</td>
<td><img src="https://via.placeholder.com/15" alt="Green Check" /></td>
</tr>
<tr>
<td></td>
<td>Sick Pay liability partially capped, but some liabilities still growing</td>
<td><img src="https://via.placeholder.com/15" alt="Green Check" /></td>
</tr>
</tbody>
</table>
Towards Fiscal Sustainability

How the Opening Operating Budget Pressures Were Eliminated (2008–2013)

- $615M in 2008
- $706M in 2010
- $774M in 2013

Unsustainable Strategies
- 271 in 2008
- 447 in 2010
- 141 in 2012

Sustainable Strategies
- 344 in 2008
- 478 in 2010
- 633 in 2012

Towards Fiscal Sustainability
2013 Operating Budget
84% of the Growth in Net Expenditures since 2003 is Due to Emergency Services and TTC

- Police, Fire, EMS: $443.9M, 52%
- TTC: $279.9M, 32%
- Other: $212.7M, 25%
- Cost Shared: -$79.7, -9%

Base Year: [2003-2013]
- Cost Shared
- Other
- TTC
- Police, Fire, EMS

$ Million
### 2013 Balancing Strategies

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (in $Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>One-Time Funding (Prior Year Surplus &amp; Reserves)</strong></td>
<td>141</td>
</tr>
<tr>
<td><strong>Expenditure Changes</strong></td>
<td>324</td>
</tr>
<tr>
<td><strong>Budget Pressure Before Revenue Increases</strong></td>
<td>465</td>
</tr>
<tr>
<td><strong>Revenue Increases</strong></td>
<td>(183)</td>
</tr>
<tr>
<td><strong>Property Tax / Assessment Changes:</strong></td>
<td></td>
</tr>
<tr>
<td>Property Tax Increase (Residential 2.00%)</td>
<td>(35)</td>
</tr>
<tr>
<td>Property Tax Increase (Non-residential 0.67%)</td>
<td>(13)</td>
</tr>
<tr>
<td>Assessment Growth</td>
<td>(33)</td>
</tr>
<tr>
<td><strong>Budget Pressure Addressed Before Cost Reductions</strong></td>
<td>(264)</td>
</tr>
<tr>
<td>Efficiency and Other Cost Savings</td>
<td>(178)</td>
</tr>
<tr>
<td>Reduced Capital Financing Costs</td>
<td>(44)</td>
</tr>
<tr>
<td><strong>Cost Reductions</strong></td>
<td>(222)</td>
</tr>
<tr>
<td>New and Enhanced</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total Balancing Strategies</strong></td>
<td>(465)</td>
</tr>
<tr>
<td><strong>Remaining Pressure</strong></td>
<td>0</td>
</tr>
</tbody>
</table>
Where the 2013 Money Goes:  
- Program Expenditures of $10.858 Billion

($Million)

- Toronto Public Library, $180.8, 1.7%
- Economic Development & Culture, $56.7, 0.5%
- Parks, Forestry & Recreation, $392.0, 3.6%
- Municipal Licensing and Standards, $48.4, 0.4%
- City Planning, $39.0, 0.4%
- Fleet and Facilities, $224.9, 2.1%
- Other City Services, $303.9, 2.8%
- Governance and Internal Services, $488.8, 4.5%
- Debt Charges, $415.4, 3.8%
- Capital & Corporate Financing, $239.6, 2.2%
- Other, $712.9, 6.6%
- Toronto Parking Authority, $135.4, 1.2%
- Toronto Water, $941.0, 8.7%
- Solid Waste Management, $349.0, 3.2%
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- Toronto Parking Authority, $135.4, 1.2%
- Toronto Water, $941.0, 8.7%
- Solid Waste Management, $349.0, 3.2%
- Toronto Police Service, $1,021.6, 9.4%
- Toronto Public Library, $180.8, 1.7%
- Economic Development & Culture, $56.7, 0.5%
- Parks, Forestry & Recreation, $392.0, 3.6%
- Municipal Licensing and Standards, $48.4, 0.4%
- City Planning, $39.0, 0.4%
- Fleet and Facilities, $224.9, 2.1%
- Other City Services, $303.9, 2.8%
- Governance and Internal Services, $488.8, 4.5%
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- Toronto Police Service, $1,021.6, 9.4%
Where the 2013 Money Comes From - Program Revenues of $10.858 Billion

- Property Taxes, 34.2%
- User Fees, 14.5%
- Provincial Grants & Subsidies, 17.1%
- Federal Grants & Subsidies, 1.7%
- Other Subsidies, 1.4%
- MLTT, 3.0%
- Interest & Investment Income, 1.8%
- Fines & Penalties, 1.3%
- Reserves/Reserve Funds, 3.7%
- Other Revenues, 7.0%
- Transfers from Capital, 1.3%
- Prior Year Surplus, 0.0%
- Rate, 13.1%

2013 Tax & Rate Supported Operating Budget ($B)
## 2014/2015 Budget Outlook:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Expenditure Pressures</strong></td>
<td>383</td>
<td>322</td>
</tr>
<tr>
<td><strong>Revenue Change:</strong></td>
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<tr>
<td>Municipal Land Transfer Tax (MLTT)</td>
<td>(15)</td>
<td>(15)</td>
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<tr>
<td>TTC Ridership Growth</td>
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<td>(15)</td>
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<tr>
<td>TTC 10 Cent Fare Increase</td>
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<tr>
<td>Uploading of Service Costs</td>
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<tr>
<td>Interest / Investment Earnings</td>
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<td>(4)</td>
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<tr>
<td>Dividend Income</td>
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<td>(5)</td>
</tr>
<tr>
<td>User Fees Change</td>
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<td>(2)</td>
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<tr>
<td>Other Revenue Changes</td>
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<td>(1)</td>
</tr>
<tr>
<td><strong>Total Revenue Change</strong></td>
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<td>(102)</td>
</tr>
<tr>
<td><strong>Pressure after Revenue Changes:</strong></td>
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</tr>
<tr>
<td>Property Tax Rate Increase</td>
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<tr>
<td>- (2.0% Residential/0.67% Non-Residential)</td>
<td>(48)</td>
<td>(49)</td>
</tr>
<tr>
<td>Assessment Growth</td>
<td>(30)</td>
<td>(30)</td>
</tr>
<tr>
<td><strong>Efficiency Target</strong></td>
<td>200</td>
<td>141</td>
</tr>
</tbody>
</table>

2013 revenue forecasts are optimistic.

Efficiency savings that will need to be found assuming inflationary increases in taxes.
Key Messages for 2014/2015:

- Annual inflationary property tax increase ($50M) insufficient to cover inflationary expenditures ($200M +)—annual structural deficit ($150M)

- Continue fiscal discipline to utilize year-end surplus revenues for capital financing

- Continue efficiency measures required to move to fiscal sustainability in 2014 and beyond

- Additional revenue that grows with economy to bring fiscal sustainability and eliminate structural deficit
Major challenges for the 2013 multi-year capital planning process included:

- Addressing the increased investment need in SOGR due to aging infrastructure such as the Gardiner Expressway for Transportation.

- Accommodating Ridership Growth for TTC.

- Uncertainty over Provincial and Federal Funding.

- Managing debt by ensuring that debt costs remain below the 15% approved by Council.
2013 to 2022 Tax & Rate Supported Capital Budget and Plan: $24.473 Billion

- **Water Services, $8.185 B, 33%**
- **Solid Waste Management, $670 M, 3%**
- **Toronto Parking Authority, $358 M, 2%**
- **Tax Supported Programs, $15.260 B, 62%**
Where the Money Goes – 2013 to 2022 Tax and Rate Supported Capital Budget and Plan – $24.473 Billion

TTC, $6,392, 26%
Transportation Services, $2,945, 12%
Water Services, $8,185, 33%

Transit & Transportation = 43% of Total

- Spadina Subway Extension, $1,277, 5%
- Parks, Forestry & Recreation, $796, 3%
- Facilities and Real Estate, $883, 4%
- Toronto Police Service, $489, 2%
- Fleet Services, $466, 2%
- Information & Technology, $455, 2%
- Toronto Public Library, $237, 1%
- Long Term Care Homes Services, $144, 1%
- Other, $943, 4%
- Waterfront Revitalization Initiative, $234, 1%
- Solid Waste Management, $670, 3%
- Toronto Parking Authority, $358, 1%
2013 – 2022 Tax and Rate Supported Capital Budget & Plan Financing – $24.473 Billion

Debt, $3,274, 13%
Federal Subsidy, $1,848, 8%
Provincial Subsidy, $1,937, 8%
Financing Strategy, $1,205, 5%
Reserves / Reserve Funds, $1,804, 7%
Development Charges, $609, 3%
Capital from Current, $3,484, 14%
Other, $1,098, 4%
Rate Funding, $9,213, 38%
Capital from Current, $3,484, 14%
Other, $1,098, 4%
Rate Funding, $9,213, 38%
Non-Debt Funding Strategies Allow the City to Reduce Debt Charges to an average of 12% of Property Tax Levy

This limit ensures that at least 85 cents on each property tax dollar raised is available for operating purposes. Debt charges are paid for by property taxes in the operating budget.

Debt forecast reduced—75% operating surplus allocated to capital
$10.741 Billion or 70% of the 2013 – 2022 Tax Supported Capital Budget and Plan ($15.26 B) is Allocated to SOGR

Projects by Category:
1. SOGR, $10.74 B (70%)
2. Growth, $2.36 B (16%)
3. Service Improvement, $1.34 B (9%)
4. Legislated, $0.60 B (4%)
5. Health & Safety, $0.20 B (1%)
84% ($8.9B) of Toronto’s investment in transportation infrastructure is to keep existing transit, roads, bridges, etc. running properly.
Growth Related Transit Projects in the City’s 10 Year Tax & Rate Capital Budget and Plan ($1.6B)

Large scale investments the City of Toronto is making in expanding the existing transportation network is possible because of partnerships with other governments.
Achieves a balance between maintaining existing City assets while addressing some key service/growth needs on a City-wide basis

Utilizes operating surplus, asset monetization/dividends, new Provincial and Federal funding to minimize debt

Debt charges stabilized below 15% guideline over the life of the plan and now averaging at approximately 12%

Our debt management strategies are working but hinge on continued fiscal discipline to use operating surpluses to contain debt.
Investing in Toronto’s Future
Updating the City’s Strategic Plan
The Next Five Years
Council’s Strategic Plan (2002):

Council adopted the following components that formed Council’s Strategic Plan (2002):

- **Vision and Mission Statement**
- **20 Goals** for City quality of life
- **19 City directions and suggested actions**
- **Fiscal Principles**
Updating the Strategic Plan (2013–2018): Aligning Priorities, Actions & Resources

INTEGRATED PLANNING FRAMEWORK

Planning

- Council Themes, Goals
- Strategic Actions
- Service Objectives
- Target Setting
- Performance Based Budget

Mayor Council Priorities

Corporate Strategic Plan

Service Planning

Multi-Year Budgeting

Performance Metrics

- Council Achievements
- Performance Management
- Multi-year Performance Target Monitoring
- Efficiency and Effectiveness Metrics
Foundation of the Strategic Plan: Council’s Key Themes and Goals

<table>
<thead>
<tr>
<th>Social Development</th>
<th>Economic Vitality</th>
<th>Environmental Sustainability</th>
<th>Good Governance</th>
<th>City Building</th>
<th>Fiscal Sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Capacity</td>
<td>People</td>
<td>Environmental Awareness</td>
<td>Civic Participation</td>
<td>Infrastructure for a successful city</td>
<td>Stewardship of City resources and assets</td>
</tr>
<tr>
<td>Well-being</td>
<td>Generating Employment</td>
<td>Environmental Sustainability</td>
<td>Organization al Excellence</td>
<td>Service Excellence</td>
<td>Sustainable financial mechanisms and sources</td>
</tr>
<tr>
<td>Access, Equity and Diversity</td>
<td>Dynamic Economic Base</td>
<td>Environmental Health</td>
<td>Intergovernmental Affairs</td>
<td>Smart Urban Growth</td>
<td></td>
</tr>
<tr>
<td>Safe City</td>
<td>International Image</td>
<td>Environmental Health</td>
<td>International Relations</td>
<td>Quality of Place</td>
<td></td>
</tr>
</tbody>
</table>

26 Strategic Actions have been developed and are being refined
Snapshot of Strategic Actions being developed...

- **Good Governance**
  - Engaging the Public
  - Strengthening Intergovernmental Relationships
  - Implementing a Performance Measurement & Indicators System

- **Fiscal Sustainability**
  - Improved Financial and Service Planning
  - Integrated Capital Planning
  - Updating the Long Term Fiscal Plan

- **Social Development**
  - Supporting Affordable Housing
  - Strengthening Neighbourhoods
  - Improving Youth Outcomes
  - Serving Toronto’s Diversity

- **Economic Vitality**
  - Increasing Employment Opportunities
  - Accelerating Economic Growth

- **Environmental Sustainability**
  - Developing an Environmental Sustainability Framework
  - Developing a Solid Waste Management Strategy

- **City Building**
  - Implementing Smart Urban Growth Strategies
  - Investing in Culture
  - Developing a Long Term Transportation Plan and Policies
Key Strategic Actions:
Good Governance: Strengthening Intergovernmental Relationships:

Continued partnership is critical to Toronto’s future success as a liveable and prosperous City…
Good Governance: Reporting on Performance and Indicators

Annual Performance & Benchmarking Report

2011 Performance Measurement and Benchmarking Report

How is Toronto Doing?

Quarterly Management Information Dashboard

2012 Results

Open Data

www.toronto.ca/open

Toronto in International Rankings

Wellbeing Toronto
(Indicators in 140 Neighbourhoods)

www.toronto.ca/progress/
Fiscal Sustainability: Updating the Long Term Fiscal Plan

- The City is moving towards fiscal sustainability by adhering to principles in the Long Term Fiscal Plan. The City will look to update the plan in 2014.

- The City is committed to operating leanly through ongoing efficiencies being implemented in how services are delivered.

- The City’s infrastructure is ageing and the Capital Plan is focused on addressing SOGR.

- Need to address future service and infrastructure needs from a growing City and region.

- City’s financial stability is a key enabler to refocus on City building efforts ahead.
Economic Development Strategy: Accelerate Economic Growth and Increase Employment Opportunities

Collaborating for Competitiveness

A Strategic Plan for Accelerating Economic Growth and Job Creation in Toronto

Make Toronto the Most Competitive Big City in North America for Businesses

Ensure Adequate Supply and Availability of Business Input Essentials

Encourage Business Investment and Formation

Boost Business Growth
Workforce Development Strategy: An Integrated Approach to Economic Development and Social Development

City of Toronto

Job Seeker - focused services
- skills development
- education / training
- literacy / language
- pre-employment / life skills
- job matching, placement & retention
- wage subsidies/
- mentoring / job shadowing
- volunteering
- accreditation

City initiatives
- local employment plans
  - EDO’s
  - BIA’s
- community revitalization
  - Regent Park
  - Lawrence Heights
  - TIEGS
- infrastructure renewal
  - Waterfront Renewal
  - Pan Am games
- social procurement
- PAYE
- Investing in Neighbourhoods
- employment centres
- City as employer

business-focused services
- business incubators
- business development / employment incentives
- Business retention services
- sector development
- Entrepreneurial / Self-Employment supports
Reporting in 2013 on updated Toronto Strong Neighbourhoods Strategy

- A place-based, equity focused strategy with the goal to advance equitable outcomes for all neighbourhoods and opportunities for all residents
- Integral to strategy is collaboration with stakeholders to set priorities and better align policies and programs.

Wellbeing Toronto

http://map.toronto.ca/wellbeing
Aligning City Strategies: A Made-in-Toronto Approach

- Economic Growth Plan
- Workforce Development Strategy
- Strong Neighbourhoods 2020

Economic Prosperity
Healthy Labour Market
Vibrant Communities

A Made-in-Toronto Approach
• 50% of Toronto’s residents born outside of Canada.
• Toronto receives 33% of all immigrants to Canada
• All net new labour force growth is attributable to new immigrants
Social Development: Supporting Affordable Housing

Action being taken by the City:

- Updating ‘Housing Opportunities Toronto’, the City’s 10 year affordable housing plan, including Community Homelessness Prevention Initiative (CHPI)

- Council will consider a new **five year capital financing plan** for TCHC SOGR ($750M)

- Council approved **neighbourhood revitalization initiatives** in partnership with the private sector. (i.e. Lawrence Heights, Alexandra Park, Allenbury)

**Commitment from Federal and Provincial governments for housing is critical**

- “Closing the Housing Gap” campaign to be launched later this month to seek further federal commitments to fund social housing
At the March 21, 2012 Special Meeting of Council, on the Sheppard Transit Expert Advisory Panel Report, Council directed staff to develop a long term transportation plan for Toronto that is consistent with the:

- City’s Official Plan,
- Metrolinx’s Big Move,
- GTA economic development and transportation considerations
The Big Move Plan is much larger ($50B) than the City’s capacity ($1.6B) for capital expenditures on transportation expansion.

First Phase ($16B) includes $8.4B investment in 4 new LRT lines in Toronto—Eglinton Crosstown, Sheppard East LRT, Finch West LRT, and Scarborough RT replacement.
# Proposed Next Wave of Metrolinx Projects

## Subway Expansion
- Downtown Relief Line
- Yonge North Subway Extension

<table>
<thead>
<tr>
<th>Cost Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>$7.4B</td>
</tr>
<tr>
<td>$3.4B</td>
</tr>
</tbody>
</table>

## New Rapid Transit
- Brampton Queen Street Rapid Transit
- Dundas Street Bus Rapid Transit
- Durham–Scarborough Bus Rapid Transit
- Hamilton Rapid Transit
- Hurontario–Main LRT

<table>
<thead>
<tr>
<th>Cost Estimate</th>
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</thead>
<tbody>
<tr>
<td>$0.6B</td>
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<tr>
<td>$0.6B</td>
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<tr>
<td>$0.5B</td>
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<tr>
<td>$1.0B</td>
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<tr>
<td>$1.6B</td>
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</table>

## GO/UP Enhancement
- GO Rail Expansion
- GO Lakeshore Express Rail Service – Phase 1 (including Electrification)
- Electrification of GO Kitchener Line and Union Pearson Express

<table>
<thead>
<tr>
<th>Cost Estimate</th>
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<tbody>
<tr>
<td>$4.9B</td>
</tr>
<tr>
<td>$1.7B</td>
</tr>
<tr>
<td>$0.9B</td>
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</tbody>
</table>

## Local
- 25% of annual $2 billion to be used for local projects
  - Local transit (15%)
  - Roads and highways (5%)
  - Active transportation and integration (5%)

**Source:** Metrolinx
City Building: Need for new sources of revenue to fund transportation capital expansion in the GTHA

<table>
<thead>
<tr>
<th>Summary of Revenue Recommendations</th>
<th>Metrolinx Short List</th>
<th>City of Toronto Staff Report</th>
<th>Toronto Region Board of Trade</th>
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<tbody>
<tr>
<td>Fuel tax</td>
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<tr>
<td>Sales Tax</td>
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<td>Parking levy</td>
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<tr>
<td>HOT lanes</td>
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<td>√ (later on)</td>
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<td>Development Charges</td>
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<td>Land Value Capture</td>
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<tr>
<td>Transit Fare Increase</td>
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</tbody>
</table>

City Building: 2015 Pan Am/Parapan Games

- Competitors from 41 nations
- 3rd largest international multi-sport event
- 51 sports and 7 competition clusters (5 in Toronto)
- 10,000 athletes, coaches and officials
- $1.44 Billion Budget
- Events will be held in 13 cities and towns
- Exhibition Place is the site of the “Toronto Pan Am Park”
City Building Benefits:
- Hundreds of acres of improved parkland & public space
- Cleaner healthier environment
- Public realm enhancements
- 40,000 new homes

Economic Benefits:
- $1.5B public contribution leading to billions in private investment
- New businesses
- Millions of square feet of commercial space
- 30,000 jobs
- Employment districts
- Tourism
Concluding Thoughts
The City continues to make progress towards fiscal sustainability...

• **New revenues** are still required (e.g. share of sales tax) in order to address transit (capital and operating) and needed social housing repair (capital).

• Updating the **strategic actions** to be taken over the next 5 years is integral to aligning resources towards activities that support multiple social, economic, and other key objectives to meet the vision of a City that we want to build.

• **Collaboration and partnership** with other orders of government, the private sector and community sector will continue to be a key enabler to success.
In Conclusion…

- Elements of a vibrant city are evident
  - more high-rise buildings under construction than any other city in North America
  - Attracting young highly qualified labour market to downtown core
  - rising status as a global financial hub
  - record transit ridership
  - internationally ranked for quality of life and liveability
  - young professionals…highly qualified…attracting human capital

- Toronto has some challenges ahead to maintain this success
  - Addressing unemployment gap in Toronto
  - Gridlock and congestion
  - Investment in infrastructure to accommodate growth
  - Housing affordability and improving the labour market outcomes of new comers and youth

- The City of Toronto has a key role to play, but partnership with other governments and sectors will be required