

City of Toronto launches 2013 tax supported operating and capital budget process

The 2013 tax supported budget process has been launched

Operating Budget

The staff recommended 2013 operating budget of **\$9.4 billion** is balanced, pending the Police Board's decision to fulfil a corporate-wide budget directive to meet a 0% increase in its operating budget.

With current assumptions of a 0% increase in the Police budget, 2013 operating budget includes

- a modest property tax increase of 1.95% for residential properties and 0.65% for the multi-residential property class and commercial/industrial businesses,
- and eliminates the use of surplus funds from \$102 million to \$0.
- The proposed budget also includes the approved 5-cent fare increase for the TTC.
- Included in the proposed budget are \$109 million in efficiency and other cost savings
- \$60 million of savings in employee compensation and benefits.

The City continues to build a sustainable, affordable and well-managed City.

The staff recommended balancing strategy for the 2013-operating budget, pending the Police Board's final submitted budget, eliminates the use of prior year's surplus funds, however, \$47 million in one-time reserve draws is proposed to balance the 2013 operating budget.

As identified through the City's long-term fiscal plan, the City continues to have a structural deficit caused by the use of one-time revenues to close an annual operating budget shortfall, growing capital demands and operating expenses that are rising faster than the growth in revenues. The reduction in one-time funds to balance the City's annual budget shortfall reflects ongoing efforts to achieve fiscal sustainability by reducing annual expenditures and maximizing revenue, while reducing the reliance on surplus funds and reserves.

Capital Budget

The proposed 2013-2022 capital budget and plan is \$15.3 billion of which 70% is allocated to maintaining the City's existing infrastructure.

Contained in the 10-year recommended capital plan

- is a bold strategy to fund an additional \$1.2 billion in capital needs for Transportation's state-of-good-repair of the Gardiner Expressway and major roads (\$671 million),
- plus additional TTC projects (\$534 million) to accommodate ridership growth and to provide easier access for riders. TTC capital projects include new subway cars, buses and light-rail vehicles,
- and the completion of the second TTC platform at Union Station.

Funding for the additional \$1.2 billion in transit and transportation projects is expected to come from future year-end surplus funds according to the City's surplus management policy, sale proceeds from the monetization of City assets and real estate, development charges, investment returns and expected funding from federal and provincial funding programs.

The strategy to use non-debt funding for additional capital expenditures enables the City to make significant investments in critical infrastructure to meet the demands of a growing population, while minimizing the amount of property taxes used to pay debt financing costs.

The proposal also enables the City to prevent its debt level in its 10-year capital plan from reaching its debt threshold of 15% of property tax funding and averages about 12% over the 10-year period.

Next Steps

Toronto City Council will review and consider a final 2013 operating budget and 2013-2022 capital budget and plan at its meeting on January 15-17, 2013.

Residents and businesses are invited to participate in the 2013 budget process.

On December 10, residents and businesses can make a public presentation to the Budget Committee in Committee Room 1 by contacting 416-338-5851 or 416-392-7445, or e-mailing buc@toronto.ca no later than 4 p.m. on December 7.

If necessary, the Committee will reconvene at 9:30 a.m. on December 11 to hear any remaining speakers. For more information, visit: <http://www.toronto.ca/budget2013>

Should you have questions or comments on the budget for Councillor Grimes, please send them to our office at councillor_grimes@toronto.ca

A reminder to residents and business owners as well that should they wish their comments distributed to all councillors they should send them to the City Clerk by email to buc@toronto.ca or by mail to

Budget Committee Secretariat contact Kelly McCarthy

10th floor, West Tower, City Hall 100 Queen Street West Toronto, ON M5H 2N2

That will ensure, with one notice, that all members of council receive a copy and they become part of the public record on the matter.

Thank you for your interest in the City of Toronto Budget Process

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