



Munk Centre for
International Studies
University of Toronto

“Toronto and P3’s?!”

E. M. Blake Hutcheson
Panel Chair
April 15, 2008



Overview of:
A Blueprint for Fiscal Stability
& Economic Prosperity

- A Call to Action



A Blueprint for Fiscal Stability & Economic Prosperity

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Panel's Mandate

“To provide the Mayor of Toronto with:

1. A high level, impartial and objective assessment of the City of Toronto's relative competitiveness, financial position, revenue opportunities and savings potential in the near to medium term.
3. To make a series of comments and recommendations with a view towards helping enable the City to improve its efficiency, effectiveness, economic prosperity, livability and create opportunity for all.”

Panel's Members



Blake Hutcheson, Chair

Chairman and President
CB Richard Ellis Limited
Canada and Latin America

Dr. Lorna R. Marsden

Former President emerita
York University

Jim Stanford

Economist
Canadian Auto Workers

Rahul Bhardwaj

President & CEO
Toronto Community Foundation

Paul Massara

President
Genesis Capital Corporation

Larry Tanenbaum

Chairman & CEO
Kilmer Van Nostrand Co. Limited

A Blueprint for Fiscal Stability & Economic Prosperity

Method & Guiding Principles

- Over 200 meetings with City personnel & other experts.
- Thousands of pages of documents reviewed.
- Open & collaborative process with valuable outside input.
- Panel agreed unanimously with full package of recommendations.
- We are optimistic about the future of the City.

Seven Guiding Principles

1. Focus on fiscal stability & sustainability; rest will follow
2. Put the past, in the past
3. The City must take responsibility for its own destiny
4. Fiscal house in order = support
5. Toronto is not an “island” – upper / regional governments
6. Needs vs wants; no single solution; cannot fail
7. Use this report as a blueprint for immediate action

The Need to Act Now

Current City Obligations / Debts

Tax-Supported Debt	\$2.6 B
Contingent Liabilities	\$2.0 B
<u>ABCC Debt</u>	<u>\$2.5 B</u>
TOTAL	\$7.1 B

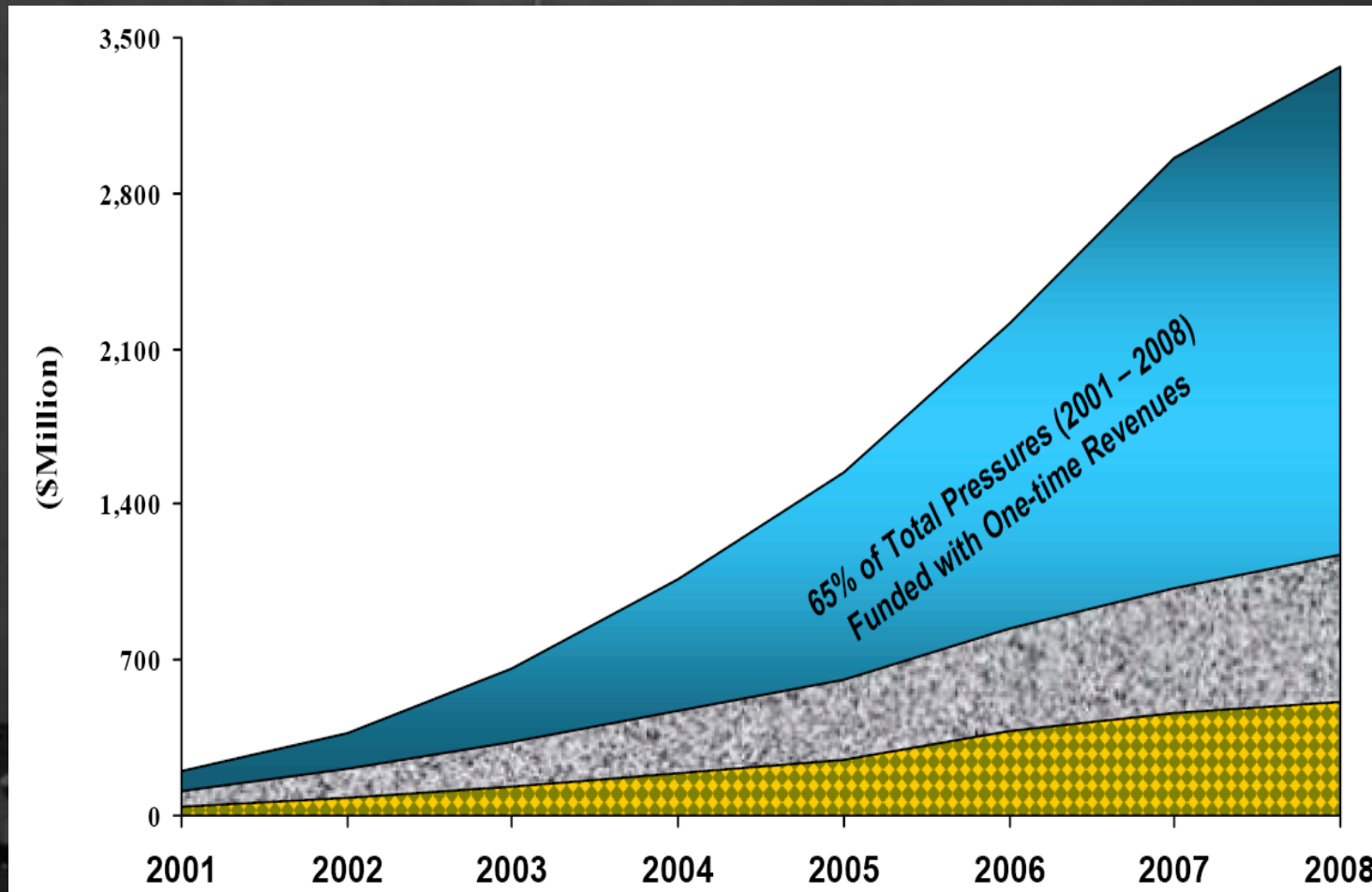
Planned Capital Expenditures

2008 – 2011	\$11.1 B
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Annual Deficit / Structural Shortfall

On-Going	\$250 - \$350 M
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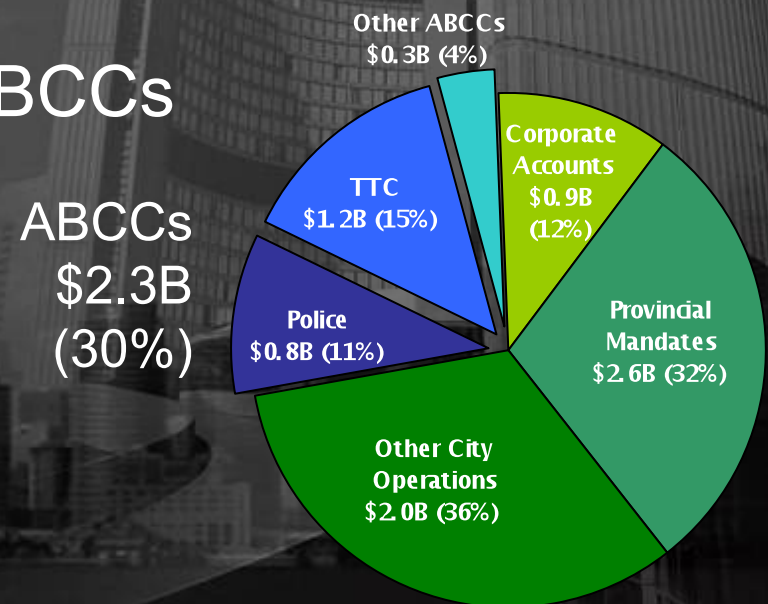
Status-Quo is Unsustainable



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Many Pressures Facing the City

- Pressures from Above: Constitutional Constraints; Federal & Provincial
- Pressures from Within: Political Culture; Governance; HR & Labour Relations
- Pressures from Below: 119 ABCCs



Highlights of Recommendation's Potential Benefits

- Review / Monetize Assets - \$3.5 Billion
- Reduce Tax-Supported Debt - \$2.6 Billion
- Eliminate Principal & Interest Carry - \$440 MM/yr
- Bridge Provincial Services Shortfall - \$200 MM/yr
- Secure Debt Forgiveness - \$170 MM
- Create Efficiencies - \$50 MM in '08, \$150 MM/yr thereafter
- Unlock Value from Property - \$150 MM/yr
- Partnerships with Province – Billions of dollars in value
- Additional Gains – Tens of millions of dollars

Areas Covered in Recommendations

1. Governance Structure and Processes
 2. Fiscal Prudence
 3. Revenue Diversification and Growth
 4. Investing in a High Performance Flexible Workforce
 5. Breaking Down Barriers
- All recommendations can be implemented in the current term of office

Governance Structure and Processes



- A Call to Action

Reform Governance Structures

A grayscale photograph of the Toronto skyline, featuring the CN Tower and several modern skyscrapers. The image is used as a background for the slide.

The Mayor and Council change the governance structure of the City by adopting the recommendations and principles on governance in the recent Governing Toronto Advisory Panel report.

This Governance structure will set the stage for a more focused City government.

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Streamline the Budget Process



The CFO needs to continue to streamline the City's budget process, to complete top down rolling five-year operating budgets, and ten-year capital budgets and to have more oversight of the ABCCs and out of sequence requests.

A more streamlined process and five-year operating and ten year budgets to make better decisions.

Fiscal Prudence



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Set Fiscal Targets



The Mayor and Council must make the City's fiscal stability and sustainability an urgent and top priority and establish financial goals tied to its long term priorities and limited resources.


This will lead to \$50 million in savings in 2008, \$150 million thereafter, and more accountability to taxpayers.

Reduce and Contain Costs

Adopt or enhance several cost reduction and cost containment programs such as a Core Services Review, a Cost Optimization Review, a Catch the Little Things program, and a strengthening of the Auditor General's office, driving Citywide shared services initiatives and consistent new policies for outsourcing, procurement and contract monitoring.

Dramatically reduce the City's cost base in the short to medium term.

Monitor Performance Through Benchmarking



The City must refine benchmarks to set bold targets and to become the world's best in delivering certain identified municipal services, and to position the City to compete favourably nationally and internationally.

Become world best in priority areas and get out of others. Improve competitiveness and transparency.

Revenue Diversification and Growth



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Increase the Revenue Base

The City must take a multi-faceted approach to growing revenues including encouraging intensification through zoning changes, less red tape, user fees, exploring with the Province the possibility of new regional transportation related levies, and adjusting its real property taxes to bring them in line with competing jurisdictions.

Increase revenues annually. Uploading the DVP and Gardiner to participate in hundreds of millions of dollars of new fees.

Systematically Review Capital Assets



The Mayor and the Executive Committee must re-examine the City's asset and debt management strategies to ensure that its capital is invested in areas that meet the City's long term policies, goals and needs, and that it is receiving an adequate return on its investments.

Develop an improved approach to asset management. Monetization options could result in excess of \$3.5 billion of pre-tax proceeds to the City.

Unlock the Value of Real Estate Holdings & Infrastructure

The City must have a new structure and strategy for managing, coordinating and maximizing the real estate holdings (conservatively valued at \$18 billion) and the infrastructure of the City and the ABCCs.

Improve real estate & infrastructure management. Target \$150 million annually from real estate and additional savings from infrastructure management.



Investing in a High Performance Flexible Workforce

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Develop a Comprehensive Human Resources Strategy

Develop a long-term strategic human resources strategy, reflecting more internal flexibility on the part of both the City and its unions, in order to enhance the City's ability to optimally address new technologies, the education and skill levels of existing staff, the evolution of future staffing needs, continuous improvements in quality and productivity, work rules, and the varying provisions of the City's labour contracts.

Improve morale, productivity, safety and cooperation within the workforce.

Breaking Down Barriers



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Get a Grip on the ABCCs



The Mayor and Executive Committee must set clear goals and targets for each of the 119 ABCCs (approximately 30% of the City's budget) in connection with the larger City plans and policies, and assess the future of each on the basis of how well it achieves them.

More alignment between responsibility, accountability and authority through more cooperation and oversight and increased opportunity to realize savings.

Develop an Integrated Approach to Economic Development & Planning

The City should recognize the importance of planning and economic development for future regional economic growth and prosperity.

Improve competitiveness, investment and job creation.

Partner with the Province



The City must work with the Province to establish a much more predictable, transparent, long-term operating and capital plan for the benefit of their shared taxpayer base.

Certainty on \$200 million of annual funding, forgiveness of \$174 million in debt, and certainty about long term grants.

Lead Regional Transportation Planning & Investment

The City must initiate and show leadership in discussions with the Province and Metrolinx to create short, medium and long-term capital plans for an enhanced and coordinated regional transit and transport system for the 21st Century.

Better regional partnerships for infrastructure and transportation, and appropriate funding for \$6 billion capital spending plans.


Break the Impasse



The City complete a serious review of this entire report with a particular emphasis on the recommendations that can potentially unlock hundreds of millions of dollars within the current year and billions in the near future.

The City acts on a blueprint of fiscal stability and sustainability that benefits the City of Toronto and its people for decades to come.

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What does this mean
in relation to P3's?!

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