

Attachment 1

Email Message

From: "Strategic Communications"

To: ABC's

Date: July 19, 2007 5:43 pm

Subject Cost-containment measures

The following message is being sent to the heads of all Agencies, Boards and Commissions on behalf of Toronto City Manager Shirley Hoy.

The Mayor has asked that all Divisions and ABC's immediately implement cost containment measures with the goal of reducing operating and capital costs for the remainder of 2007. The purpose of the measures is to use the savings achieved toward reducing the 2008 operating budget shortfall.

These cost containment measures are necessary because the City:

1. does not have the diverse sources of revenue required to fund city services
2. continues to be forced to divert the money needed for municipal services to pay the cost of provincially mandated programs
3. has depleted reserve funds and exhausted all other one-time revenue sources to pay for the ongoing operating costs of delivering core municipal services.

The target for savings from cost containment measures between now and the end of 2007 has been set at \$100 million.

Cost containment strategies

To achieve the savings target, I am requesting all Divisions and ABC's to take the following actions, effectively immediately:

1. A hiring freeze within all areas of the corporation. The only exceptions to the hiring freeze will be for positions where there are:
 - a. legislated requirements for staffing ratios
 - b. health and safety requirements; or,
 - c. 100% funding for the position from other orders of government or

external agencies

2. Service level adjustments that save operating budget dollars by reducing service levels (hours of service, etc); but not the elimination of entire services.

3. Elimination of discretionary spending; including, but not limited to, all business travel, conferences, consulting contracts, purchases of equipment, furniture, supplies, etc.

4. Cancellation of all advertising and production of print materials with significant circulation unless such materials are critically required for the delivery of services. Consultation with the Director of Strategic Communications should take place prior to the placement of any advertising or production of materials during this period.

Deferral of any 2007 new or enhanced services and any capital projects where contracts have not yet been awarded related to service improvement and growth capital projects that will have future operating budget impacts.

Please note that any exemptions to the above must be approved by the appropriate Deputy City Manager or me as the case may be.

Administration

Please submit the service level adjustments to be undertaken within your area by July 31, 2007 to Josie LaVita (jlavita@toronto.ca), Director of Financial Planning.

The cost containment measures outlined may continue into 2008. Division Heads and ABC's will be advised if any changes to the containment measures will take place. To ensure consistency in our approach to managing containment measures, wherever possible, Division Heads and ABC's are requested to defer any reports that contain financial implications.

Finally, given the need to address what could be a significant budget shortfall in 2008, I am asking Division Heads and ABC's to develop a list of potential service cuts for 2008 (including continuation of 2007 savings initiatives) which will be reviewed through the service planning and core service review process.

While the cost-containment measures outlined will be difficult for

residents and will require significant communication to ensure changes to the availability of services are well understood, the actions are necessary to mitigate against what could be much more severe service reductions in the future.

I fully recognize that these necessary actions have significant service impacts. But the financial circumstances of the City are severe, and therefore your support and cooperation is very much appreciated.

Shirley Hoy

c.c. Members of Council

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