

SMARTTRACK
TAX INCREMENT
FINANCIAL ANALYSIS



April 11, 2018

I INTRODUCTION

SmartTrack is an important component of the Greater Toronto Area's long-term public transportation plan. In this regard the City of Toronto is currently analysing the fiscal mechanisms available to fund its share of the capital costs associated with the SmartTrack rapid transit plan. Tax increment financing (TIF) is one mechanism the City could use to fund capital costs and is a tool commonly used in United States municipalities. TIF is not a revenue source in itself, rather it a method of dedicating a share of taxation revenue received in a given area to a specific purpose.

The underlining assumption of TIFs is that the required net operating and capital cost associated with development in a TIF zone is lower than the new taxation revenue derived from the zone. The positive increment between the revenue and costs could then be applied to a project, in this case transit capital costs. TIFs are frequently utilized to pay debenture payments since the TIF funded infrastructure is typically emplaced immediately, and at a significant cost, well before the additional tax revenues are attained by the municipality. The purpose of this report is to assess the potential tax increments available for residential and non-residential development in SmartTrack Primary Zones. The forthcoming findings are high-level in nature and provide a general indication of the financial impact of new development.

A. DEVELOPMENT ASSUMPTIONS

1. Potential TIF Zones under Consideration

For the purposes of this report, the SmartTrack plan considers stations along Kitchener, Lakeshore East and Stouffville GO Corridors. New Regional Express Rail (RER) Stations proposed on the Barrie GO corridor are not included. Similarly, Kipling and Royal York stations on a potential Eglinton Avenue West alignment are also not considered. The 14 Primary Zones considered for TIFs are shown in Table 1.

Primary SmartTrack Station Zones			Table 1
Included in Analysis	New/Existing	Station Number and Name	
Included	Existing	9 St. Clair East (Scarborough)	
	Existing	10 Dundas West (Bloor)	
	New	12 Finch-Kennedy	
	New	13 Gerrard-Carlaw	
	Existing	14 Kennedy-Eglinton	
	New	15 Lawrence-Kennedy	
	New	16 King-Liberty (Liberty Village)	
	Existing	17 Main (Danforth)	
	New	18 Queen-Carlaw (East Harbour)	
	Existing	19 Sheppard (Agincourt)	
	Existing	21 Mount Denis	
	New	22 St. Clair West-Old Weston (Stockyards)	
	Existing	23 Union	
	Existing	45 Steeles (Milliken)	
Not Included		48 Kipling	
		49 Royal York	

The Primary Stations listed above are consistent with the concept plan approved by Council in December 2017.

2. Development in Potential TIF Zones

The development forecasts for the 14 zones used in the analysis were developed by Strategic Regional Research Associates (SRRA) in 2016. Case 2 was used for determining the growth increments to 2041. Case 2 is based on a medium level of office and commercial growth and a lower amount of multi-residential growth compared to other cases. The development projected under Case 2 was used to estimate the increment under two approaches.

1. Firstly the isolated impact of SmartTrack was calculated by assessing the difference in population and employment in the 14 zones at 2041 with or without SmartTrack. At 2041, it is projected that SmartTrack will lead to an additional 46,600 people and 56,700 office and retail jobs.

Table 2			
Impact of SmartTrack on Development in 14 Primary Centres			
	Case 1 2041 Without SmartTrack	Case 2 2041 With SmartTrack	Increment
Apartments	137,000	161,000	24,000
Population	526,500	573,100	46,600
Office & Retail Jobs	343,000	399,600	56,700
Office & Retail Gross Floor Area (sq. ft.)	89,922,800	104,780,400	14,857,600

Source: *Commercial & Multi-Residential Forecasts for the Review of SmartTrack* by SRRA, January 2016

2. The overall development occurring in SmartTrack zones was also assessed. The increase in population and employment in the 14 zones, irrespective of it was induced by SmartTrack, is shown in Table 3. Between 2018 and 2041, 133,900 new people and 119,000 new office and retail jobs are forecasted.

Table 3			
Incremental Growth 2018-2041 with SmartTrack			
	Case 1 2018 Without SmartTrack	Case 2 2041 Estimate With SmartTrack	Increment
Apartments	87,600	161,000	73,400
Population	439,100	573,100	133,900
Office & Retail Jobs	280,700	399,600	119,000
Office & Retail Gross Floor Area (sq. ft.)	71,987,000	104,780,400	32,793,400

Source: *Commercial & Multi-Residential Forecasts for the Review of SmartTrack* by SRRA, January 2016

Due to time constraints and data availability, only the financial impact of new development is considered in the analysis. Any value increases to properties that are not redeveloped as a result of SmartTrack are not considered. For example, in Liberty Village, SRRA estimated the average value of a residential unit would increase from \$480,000 to \$552,000 following the completion of SmartTrack. The \$72,000 increment in this instance is not captured. However, the analysis also does not consider the taxation revenue the City presently receives from pre-development land uses in the 14 zones. The factors have somewhat of an offsetting affect. Non-taxable forms of development have not been considered in the analysis.

B. REVENUE ANALYSIS

The assessment assumptions for new residential and non-residential development were also sourced from the *Commercial & Multi-Residential Forecasts for the Review of SmartTrack* report from SRRA. A summary is provided in Table 4.

Assessment Assumptions (2015 values, January 1, 2012 MPAC valuation date)			
Weighted Average Over 14 Primary Zones	Without SmartTrack	With SmartTrack	Difference
Apartments: Value Per Unit	\$432,000	\$496,000	\$64,000
Office & Retail Floor Space: Value Per Sq. Ft.	\$208	\$208	n/a

Source: *Commercial & Multi-Residential Forecasts for the Review of SmartTrack* by SRRA, January 2016

As shown Table 5, the per capita residential valuations provided in the SRRA report are 39 per cent higher than the City's existing average, based on the 2016 tax year (2012 MPAC valuation date). As such, for new development in SmartTrack Primary Zones the City would receive an additional \$381 per capita, assuming static tax rates. We would note that the residential valuations assume that all future units would be condominiums. If rental apartments were to be constructed they would likely attract lower assessed values per unit than those shown.

For the non-residential sector, new development in the SmartTrack Primary Zones produced tax revenue per employee 9 per cent below the City's existing average. This represents a loss of \$88 per employee.

Potential Annual Tax Revenue in Primary Zones		
	Residential	Non-Residential
Weighted Assessment Per Capita/Employee: Existing Base	\$183,600	\$184,000
Weighted Assessment Per Capita/Employee: New Development in Primary Zones	\$255,100	\$167,500
Tax Revenue Per Capita/Employee: Existing Base	\$979	\$981
Tax Revenue Per Capita/Employee: New Development in Primary Zones	\$1,360	\$893
Tax Revenue Uncommitted Increment (per capita/employee)	\$381	(\$88)
Incremental Tax Revenue Compared to Base	39%	(9%)

C. EXPENDITURE ANALYSIS

A service-specific analysis was undertaken to consider how new development may affect the City's operating and capital expenditures. Based on a normalized budget, the analysis accounts for year-over-year spending fluctuations over the last three budget years. The normalized net tax

supported budget totals \$4.3 billion, which is slightly higher than approved 2017 Budget. The apportionment of the net expenditures was first split between residential and non-residential sectors using service specific metrics. As shown in Table 6, the overall normalized budget is apportioned 72 per cent to the residential sector and 28 per cent to the non-residential sector.

The next apportionment, presented in Table 7, provides an estimate of the incremental annual net cost of providing services to new development on a per capita basis for the residential sector and a per employee basis for the non-residential sector. Several important assumptions were made in the analysis:

- No service level increases were assumed. Thereby new development was assigned costs equal to, or less than, the City's existing average.
- No contribution increases were assumed for the repair and replacement of existing capital assets.
- For certain services, new development was assumed to result in increased costs at, or close to, the existing average. This includes Transit, Parks and Recreation, Library and Fire services.
- For another segment of services, development was estimated to increase services slightly under the existing City average (50-85 per cent). This includes Toronto Community Housing (TCHC), Police, Solid Waste and Transportation services.
- No development-related increases were assumed for certain single entity services such as Exhibition Place, the Toronto Zoo and Theaters.
- The impact of development on services providing overall corporate functions was based on a subtotal of other services (71 per cent).

Caution should be exercised when drawing conclusions from the incremental net cost impacts. For example, having TCHC and Police below the City average is not to suggest these services *should not* be increasing at the City average, rather it suggests that non-inflationary tax supported expenditures are not increasing at the rate of population and employment growth. This may be the result of declining service levels and/or increases in non-taxation revenue for instance.

Table 6 - Page 1
Net Expenditures and Sector Apportionment
Smart Track Fiscal Impact Analysis

Net Expenditures	2016 Budget	2017 Budget	2018 Budget	Normalized Budget	Residential Share (%)	Residential Share	Non-Res Share (%)	Non-Res Share	Metric
Citizen Centred Services "A"									
Affordable Housing Office	\$1,201	\$1,170	\$1,170	\$1,180	100%	\$1,180	0%	\$0	All Residential
Children's Services	\$78,122	\$80,683	\$82,691	\$80,499	100%	\$80,499	0%		All Residential
Court Services	\$8,545	\$8,077	\$1,640	\$6,087	100%	\$6,087	0%		All Residential
Economic Development & Culture									
<i>Arts Services</i>	\$37,166	\$40,372	\$42,307	\$39,948	100%	\$39,948	0%	\$0	All Residential
<i>Business Services</i>	\$6,356	\$6,333	\$11,883	\$8,191	0%	\$0	100%	\$8,191	All Non-Residential
<i>Entertainment Industries Services</i>	\$3,684	\$3,793	\$4,008	\$3,828	0%	\$0	100%	\$3,828	All Non-Residential
<i>Museum & Heritage Services</i>	\$11,736	\$11,003	\$11,380	\$11,373	100%	\$11,373	0%	\$0	All Residential
Toronto Paramedic Services	\$78,922	\$78,285	\$73,873	\$77,027	63%	\$48,615	37%	\$28,411	2016 Population and Employment
Long-Term Care Homes & Services	\$48,493	\$47,376	\$47,376	\$47,748	100%	\$47,748	0%	\$0	All Residential
Parks, Forestry & Recreation	\$316,085	\$320,341	\$322,116	\$319,514	95%	\$303,538	5%	\$15,976	Minor Non-Residential Share
Shelter, Support & Housing Administration	\$348,415	\$165,437	\$208,553	\$186,995	100%	\$186,995	0%	\$0	All Residential
Social Development, Finance & Administration	\$32,023	\$32,199	\$39,531	\$34,584	100%	\$34,584	0%	\$0	All Residential
Toronto Employment & Social Services	\$137,743								
<i>Employment Services</i>	\$18,960	\$18,719	\$16,732	\$18,137	0%	\$0	100%	\$18,137	All Non-Residential
<i>Financial Supports</i>	\$64,293	\$37,880	\$14,568	\$38,914	100%	\$38,914	0%	\$0	All Residential
<i>Integrated Case Management and Service Planning</i>	\$54,490	\$53,952	\$59,216	\$55,886	100%	\$55,886	0%	\$0	All Residential
Sub-Total Citizen Centred Services "A"	\$1,108,491	\$905,620	\$937,044	\$929,911	92%	\$855,369	8%	\$74,543	
Citizen Centred Services "B"									
City Planning	\$15,694	\$15,287	\$15,287	\$15,423	71%	\$10,994	29%	\$4,429	Forecast Population and Employment
Fire Services	\$418,653	\$452,568	\$461,659	\$444,293	63%	\$280,415	37%	\$163,878	2016 Population and Employment
Municipal Licensing & Standards	\$19,893								
<i>Animal Care, Control & Sheltering</i>	\$7,068	\$7,224	\$7,541	\$7,278	100%	\$7,278	0%	\$0	All Residential
<i>Business Licensing, Enforcement, & Permitting</i>	(\$16,511)	(\$17,515)	(\$18,943)	(\$17,656)	0%	\$0	100%	(\$17,656)	All Non-Residential
<i>By-Law Enforcement</i>	\$13,950	\$15,442	\$17,228	\$15,540	63%	\$9,808	37%	\$5,732	2016 Population and Employment
<i>Property Standards, Inspection & Compliance</i>	\$15,386	\$14,226	\$14,238	\$14,616	63%	\$9,225	37%	\$5,391	2016 Population and Employment
Policy, Planning, Finance & Administration	\$9,759	\$9,099	\$9,099	\$9,319	71%	\$6,648	29%	\$2,671	Shares of other costs
Engineering & Construction Services	\$7,617	\$4,081	\$4,081	\$5,260	71%	\$3,752	29%	\$1,507	Shares of other costs
Toronto Building	(\$10,755)	(\$10,694)	(\$10,694)	(\$10,714)	71%	(\$7,638)	29%	(\$3,077)	Forecast Population and Employment
Transportation Services	\$207,642	\$221,732	\$224,821	\$218,065	43%	\$93,768	57%	\$124,297	Non-Transit Destination Trip Length (2016 Transportation Tomorrow Survey)
Sub-Total Citizen Centred Services "B"	\$668,503	\$711,449	\$724,317	\$701,423	59%	\$414,251	41%	\$287,172	

Table 6 - Page 2
Net Expenditures and Sector Apportionment
Smart Track Fiscal Impact Analysis

Net Expenditures	2016 Budget	2017 Budget	2018 Budget	Normalized Budget	Residential Share (%)	Residential Share	Non-Res Share (%)	Non-Res Share	Metric
Internal Services									
Office of the Chief Financial Officer	\$9,828	\$9,783	\$10,202	\$9,938	71%	\$7,090	29%	\$2,848	Shares of other costs
Office of the Treasurer	\$28,983	\$28,067	\$28,067	\$28,372	71%	\$20,241	29%	\$8,131	Shares of other costs
Facilities, Real Estate, Environment & Energy	\$69,326	\$69,603	\$71,699	\$70,209	71%	\$50,089	29%	\$20,121	Shares of other costs
Fleet Services	\$0	(\$10)	(\$130)	(\$47)	71%	(\$33)	29%	(\$13)	Shares of other costs
311 Toronto	\$9,895	\$9,826	\$9,920	\$9,880	71%	\$7,049	29%	\$2,832	Shares of other costs
Information & Technology	\$74,249	\$75,310	\$76,423	\$75,327	71%	\$53,740	29%	\$21,588	Shares of other costs
Sub-Total Internal Services	\$192,281	\$192,579	\$196,183	\$193,681	71%	\$138,175	29%	\$55,506	
City Manager									
City Manager's Office	\$47,555	\$47,342	\$48,650	\$47,849	71%	\$34,136	29%	\$13,713	Shares of other costs
Sub-Total City Manager	\$47,555	\$47,342	\$48,650	\$47,849	71%	\$34,136	29%	\$13,713	
Other City Programs									
City Clerk's Office	\$32,466	\$32,446	\$32,846	\$32,586	71%	\$23,247	29%	\$9,339	Shares of other costs
Legal Services	\$20,334	\$19,304	\$19,209	\$19,616	71%	\$13,994	29%	\$5,622	Shares of other costs
Mayor's Office	\$2,311	\$2,251	\$2,251	\$2,271	71%	\$1,620	29%	\$651	Shares of other costs
City Council	\$20,898	\$20,359	\$20,471	\$20,576	71%	\$14,679	29%	\$5,897	Shares of other costs
Sub-Total Other City Programs	\$76,009	\$74,360	\$74,778	\$75,049	71%	\$53,541	29%	\$21,508	
Accountability Offices									
Auditor General's Office	\$5,033	\$5,903	\$6,445	\$5,794	71%	\$4,133	29%	\$1,660	Shares of other costs
Integrity Commissioner's Office	\$485	\$507	\$512	\$501	71%	\$358	29%	\$144	Shares of other costs
Office of the Lobbyist Registrar	\$1,156	\$1,154	\$1,190	\$1,167	71%	\$832	29%	\$334	Shares of other costs
Office of the Ombudsman	\$1,834	\$1,810	\$1,912	\$1,852	71%	\$1,321	29%	\$531	Shares of other costs
Sub-Total Council Appointed Programs	\$8,508	\$9,374	\$10,059	\$9,314	71%	\$6,645	29%	\$2,669	
TOTAL - CITY OPERATIONS	\$2,103,363	\$1,942,741	\$1,993,048	\$1,957,227	77%	\$1,502,116	23%	\$455,111	
Agencies									
Toronto Public Health	\$58,923	\$60,287	\$63,185	\$60,798	95%	\$57,759	5%	\$3,040	Minor Non-Res Share
Toronto Public Library	\$177,175	\$179,108	\$182,283	\$179,522	95%	\$170,546	5%	\$8,976	Minor Non-Res Share
Association of Community Centres	\$7,696	\$7,810	\$7,972	\$7,826	95%	\$7,435	5%	\$391	Minor Non-Res Share
Exhibition Place	(\$157)	(\$124)	(\$150)	(\$144)	95%	(\$136)	5%	(\$7)	Minor Non-Res Share
Heritage Toronto	\$306	\$298	\$423	\$342	95%	\$325	5%	\$17	Minor Non-Res Share
Theatres	\$5,497	\$5,907	\$5,274	\$5,559	95%	\$5,282	5%	\$278	Minor Non-Res Share
Toronto Zoo	\$11,885	\$12,034	\$12,083	\$12,001	95%	\$11,401	5%	\$600	Minor Non-Res Share
Arena Boards of Management	(\$10)	(\$20)	\$31	\$0	95%	\$0	5%	\$0	Minor Non-Res Share
Yonge-Dundas Square	\$387	\$377	(\$6)	\$253	95%	\$240	5%	\$13	Minor Non-Res Share
Toronto & Region Conservation Authority	\$3,474	\$3,561	\$3,650	\$3,562	64%	\$2,273	36%	\$1,289	Share of 2017 weighted taxable assessment
Toronto Transit Commission - Conventional	\$493,627	\$546,846	\$578,842	\$578,842	46%	\$266,267	54%	\$312,575	Destination TTC Trip Length (2016 Transportation Tomorrow Survey)
Toronto Transit Commission - Wheel Trans	\$116,712	\$142,678	\$143,424	\$143,424	52%	\$74,580	48%	\$68,844	Wheel Trans TTC Trip Length (2016 Transportation Tomorrow Survey)
Toronto Police Service	\$1,004,744	\$996,325	\$996,326	\$999,132	63%	\$630,600	37%	\$368,531	2016 Population and Employment
Toronto Police Services Board	\$2,302	\$2,309	\$2,309	\$2,307	63%	\$1,456	37%	\$851	2016 Population and Employment
Toronto Community Housing Corporation		\$241,700	\$246,814	\$244,257	100%	\$244,257	0%	\$0	All Residential
TOTAL - AGENCIES	\$1,882,561	\$2,199,096	\$2,242,461	\$2,237,681	66%	\$1,472,284	34%	\$765,397	

Table 6 - Page 3
Net Expenditures and Sector Apportionment
Smart Track Fiscal Impact Analysis

Net Expenditures	2016 Budget	2017 Budget	2018 Budget	Normalized Budget	Residential Share (%)	Residential Share	Non-Res Share (%)	Non-Res Share	Metric
Corporate Accounts									
Capital & Corporate Financing									
Capital from Current	\$212,607	\$293,902	\$353,462	\$353,462	71%	\$252,165	29%	\$101,297	Shares of other costs
Technology Sustainment	\$17,912	\$17,912	\$19,912	\$18,579	71%	\$13,254	29%	\$5,324	Shares of other costs
Debt Charges	\$463,373	\$505,349	\$556,041	\$556,041	71%	\$396,688	29%	\$159,353	Shares of other costs
Capital & Corporate Financing	\$693,892	\$817,163	\$929,415	\$928,082	71%	\$662,108	29%	\$265,974	
Non Program Expenditures									
Tax Deficiencies/Write offs	\$29,216	\$56,477	\$82,607	\$56,100	64%	\$35,798	36%	\$20,302	Share of 2017 weighted taxable assessment
Tax Increment Equivalent Grants (TIEG)	N/A	\$20,373	\$37,019	\$28,696	0%	\$0	100%	\$28,696	All Non-Residential
Assessment Function (MPAC)	\$40,670	\$42,270	\$44,040	\$42,327	64%	\$27,009	36%	\$15,317	Share of 2017 weighted taxable assessment
Temporary Borrowing	N/A	N/A	N/A						
Funding of Employee Related Liabilities	\$65,875	\$70,829	\$70,829	\$69,178	71%	\$49,352	29%	\$19,825	Share of other costs
Tax Rebates for Registered Charities	N/A	N/A	N/A						
Programs Funded from Reserve Funds	\$13	N/A	N/A						
Other Corporate Expenditures	\$44,286	\$12,535	\$42,704	\$27,620	71%	\$19,704	29%	\$7,915	Share of other costs
Office of the Chief Transformation Officer	N/A	\$1,471	\$2,451	\$1,961	71%	\$1,399	29%	\$562	Share of other costs
Insurance Premiums & Claims	\$300	\$300	\$300	\$300	71%	\$214	29%	\$86	Share of other costs
Parking Tag Enforcement & Operations Exp	\$65,580	\$69,375	\$72,204	\$69,053	100%	\$69,053	0%	\$0	All Residential
Vacancy Rebate Program	\$23,000	\$17,500	\$6,000	\$6,000	0%	\$0	100%	\$6,000	All Non-Residential
Heritage Property Taxes Rebate	\$2,000	\$1,750	\$1,750	\$1,833	0%	\$0	100%	\$1,833	All Non-Residential
Street & Expressway Lighting Services	\$0	\$0	\$0						
Pandemic Influenza Stockpiling	\$0	\$500	\$0	\$167	100%	\$167	0%	\$0	All Residential
Solid Waste Management Services Rebate	\$153,802	\$144,302	\$144,302	\$147,469	100%	\$147,469	0%	\$0	All Residential
Non-Program Expenditures	\$424,742	\$437,682	\$504,206	\$450,703	78%	\$350,166	22%	\$100,537	
Non Program Revenues									
Tax Stabilization Reserve (Prior Year Surplus)	N/A	N/A	N/A						
Payments in Lieu of Taxes	(\$102,830)	(\$100,523)	(\$95,480)	(\$99,611)	0%	\$0	100%	(\$99,611)	All Non-Residential
Supplementary Taxes	(\$40,700)	(\$35,000)	(\$45,000)	(\$40,233)	64%	(\$25,674)	36%	(\$14,560)	Share of 2017 weighted taxable assessment
Tax Penalty Revenue	(\$29,000)	(\$29,000)	(\$29,800)	(\$29,267)	64%	(\$18,676)	36%	(\$10,591)	Share of 2017 weighted taxable assessment
Municipal Land Transfer Tax	(\$485,600)	(\$668,000)	(\$770,000)	(\$641,200)	81%	(\$519,932)	19%	(\$121,268)	Share of 2017 unweighted assessment
Third Party Sign Tax	(\$10,836)	(\$11,036)	(\$10,742)	(\$10,871)	0%	\$0	100%	(\$10,871)	All Non-Residential
Interest/Investment Earnings	(\$116,863)	(\$100,406)	(\$104,279)	(\$107,183)	71%	(\$76,466)	29%	(\$30,717)	Share of other costs
Other Corporate Revenues	(\$9,130)	(\$8,340)	(\$8,197)	(\$8,556)	71%	(\$6,104)	29%	(\$2,452)	Share of other costs
Dividend Income	(\$67,500)	(\$75,000)	(\$85,000)	(\$75,833)	71%	(\$54,101)	29%	(\$21,733)	Share of other costs
Provincial Gas Tax	(\$91,600)	(\$91,600)	(\$91,600)	(\$91,600)	63%	(\$57,813)	37%	(\$33,787)	2016 Population and Employment
Parking Authority Revenues	(\$46,947)	(\$49,034)	(\$57,182)	(\$51,054)	43%	(\$21,953)	57%	(\$29,101)	Vehicle trips
Administrative Support Recoveries - Water	(\$18,973)	(\$18,973)	(\$18,973)	(\$18,973)	63%	(\$11,975)	37%	(\$6,998)	2016 Population and Employment
Administrative Support Recoveries - Health & EMS	(\$16,327)	(\$16,327)	(\$16,327)	(\$16,327)	63%	(\$10,305)	37%	(\$6,022)	2016 Population and Employment
Parking Tag Enforcement & Operations Rev	(\$102,414)	(\$112,567)	(\$109,218)	(\$108,066)	100%	(\$108,066)	0%	\$0	All Residential
Other Tax Revenues	(\$13,499)	(\$13,095)	(\$13,221)	(\$13,272)	64%	(\$8,469)	36%	(\$4,803)	Share of 2017 weighted taxable assessment
Woodbine Slots Revenues	(\$15,500)	(\$16,000)	(\$16,000)	(\$15,833)	95%	(\$15,042)	5%	(\$792)	Minor Non-Residential Share
Gaming & Registry Revenues	(\$3,588)	(\$3,822)	(\$3,822)	(\$3,744)	95%	(\$3,557)	5%	(\$187)	Minor Non-Residential Share
Court Services Fine Revenue	N/A	N/A	N/A						
Hotel and Lodging Tax	N/A	(\$5,000)	(\$16,100)	(\$10,550)	0%	\$0	100%	(\$10,550)	All Non-Residential
Non-Program Revenues	(\$1,171,307)	(\$1,353,723)	(\$1,490,941)	(\$1,342,174)	70%	(\$938,131)	30%	(\$404,042)	
TOTAL - CORPORATE ACCOUNTS	(\$52,673)	(\$98,878)	(\$57,320)	\$36,611	-	\$74,143	-	(\$37,532)	
Special Levy for Scarborough Subway	\$40,699	\$40,699	\$40,699	\$40,699	46%	\$18,722	54%	\$21,977	Non-Transit Destination Trip Length (2016 Transportation Tomorrow Survey)
City Building Fund		\$14,046	\$28,596	\$28,596	71%	\$20,401	29%	\$8,195	Share of other costs
TOTAL - OTHER TAX SURCHARGES	\$40,699	\$54,745	\$69,295	\$69,295	-	\$39,122	-	\$30,173	
TOTAL LEVY REQUIREMENT	\$3,975,966	\$4,099,721	\$4,249,502	\$4,300,814	72%	\$3,087,665	28%	\$1,213,149	

Table 7 - Page 1
Incremental Net Expenditures per Person and Employee
Smart Track Fiscal Impact Analysis

Net Expenditures	Residential Incremental growth	Per Person	Non-Residential Incremental growth	Per Employee	Notes
Citizen Centred Services "A"					
Affordable Housing Office	25%	\$0.11	0%	\$0.00	Estimate
Children's Services	48%	\$13.99	0%	\$0.00	Recent budget growth
Court Services	0%	\$0.00	0%	\$0.00	No increase
Economic Development & Culture					
<i>Arts Services</i>	100%	\$14.44	0%	\$0.00	
<i>Business Services</i>	0%	\$0.00	100%	\$2.96	
<i>Entertainment Industries Services</i>	0%	\$0.00	25%	\$0.35	Estimate
<i>Museum & Heritage Services</i>	0%	\$0.00	0%	\$0.00	
Toronto Paramedic Services	100%	\$17.58	100%	\$10.27	
Long-Term Care Homes & Services	100%	\$17.26	0%	\$0.00	
Parks, Forestry & Recreation	100%	\$109.75	100%	\$5.78	
Shelter, Support & Housing Administration	100%	\$67.61	100%	\$0.00	
Social Development, Finance & Administration	100%	\$12.50	100%	\$0.00	
Toronto Employment & Social Services					
<i>Employment Services</i>	0%	\$0.00	100%	\$6.56	
<i>Financial Supports</i>	100%	\$14.07	0%	\$0.00	
<i>Integrated Case Management and Service Planning</i>	100%	\$20.21	0%	\$0.00	
Sub-Total Citizen Centred Services "A"		\$287.53		\$25.91	
Citizen Centred Services "B"					
City Planning	100%	\$3.98	100%	\$1.60	
Fire Services	94%	\$95.31	94%	\$55.70	Development Charges Service Level 94%
Municipal Licensing & Standards					
<i>Animal Care, Control & Sheltering</i>	100%	\$2.63	0%	\$0.00	
<i>Business Licensing, Enforcement, & Permitting</i>	0%	\$0.00	100%	(\$6.38)	
<i>By-Law Enforcement</i>	100%	\$3.55	100%	\$2.07	
<i>Property Standards, Inspection & Compliance</i>	100%	\$3.34	100%	\$1.95	
Policy, Planning, Finance & Administration	75%	\$1.80	75%	\$0.72	Shares of other costs
Engineering & Construction Services	75%	\$1.02	75%	\$0.41	Shares of other costs
Toronto Building	100%	(\$2.76)	100%	(\$1.11)	
Transportation Services	55%	\$18.57	55%	\$24.62	Recent budget growth
Sub-Total Citizen Centred Services "B"		\$127.42		\$79.58	

Table 7 - Page 2
Incremental Net Expenditures per Person and Employee
Smart Track Fiscal Impact Analysis

Net Expenditures	Residential Incremental growth	Per Person	Non-Residential Incremental growth	Per Employee	Notes
Internal Services					
Office of the Chief Financial Officer	75%	\$1.92	75%	\$0.77	Shares of other costs
Office of the Treasurer	75%	\$5.48	75%	\$2.20	Shares of other costs
Facilities, Real Estate, Environment & Energy	75%	\$13.56	75%	\$5.45	Shares of other costs
Fleet Services	75%	(\$0.01)	75%	(\$0.00)	Shares of other costs
311 Toronto	75%	\$1.91	75%	\$0.77	Shares of other costs
Information & Technology	75%	\$14.55	75%	\$5.85	Shares of other costs
Sub-Total Internal Services		\$37.41		\$15.03	
City Manager					
City Manager's Office	75%	\$9.24	75%	\$3.71	Shares of other costs
Sub-Total City Manager		\$9.24		\$3.71	
Other City Programs					
City Clerk's Office	75%	\$6.29	75%	\$2.53	Shares of other costs
Legal Services	75%	\$3.79	75%	\$1.52	Shares of other costs
Mayor's Office	75%	\$0.44	75%	\$0.18	Shares of other costs
City Council	75%	\$3.97	75%	\$1.60	Shares of other costs
Sub-Total Other City Programs		\$14.50		\$5.82	
Accountability Offices					
Auditor General's Office	75%	\$1.12	75%	\$0.45	Shares of other costs
Integrity Commissioner's Office	75%	\$0.10	75%	\$0.04	Shares of other costs
Office of the Lobbyist Registrar	75%	\$0.23	75%	\$0.09	Shares of other costs
Office of the Ombudsman	75%	\$0.36	75%	\$0.14	Shares of other costs
Sub-Total Council Appointed Programs		\$1.80		\$0.72	
TOTAL - CITY OPERATIONS		\$477.91		\$130.78	
Agencies					
Toronto Public Health	100%	\$20.88	100%	\$1.10	
Toronto Public Library	100%	\$61.67	100%	\$3.25	
Association of Community Centres	0%	\$0.00	0%	\$0.00	No increase
Exhibition Place	0%	\$0.00	0%	\$0.00	No increase
Heritage Toronto	0%	\$0.00	0%	\$0.00	No increase
Theatres	0%	\$0.00	0%	\$0.00	No increase
Toronto Zoo	0%	\$0.00	0%	\$0.00	No increase
Arena Boards of Management	0%	\$0.00	0%	\$0.00	No increase
Yonge-Dundas Square	0%	\$0.00	0%	\$0.00	No increase
Toronto & Region Conservation Authority	25%	\$0.21	25%	\$0.12	Estimate
Toronto Transit Commission - Conventional	100%	\$96.28	100%	\$113.02	
Toronto Transit Commission - Wheel Trans	100%	\$26.97	100%	\$24.89	
Toronto Police Service	85%	\$193.81	85%	\$113.26	Estimate
Toronto Police Services Board	0%	\$0.00	0%	\$0.00	No increase
Toronto Community Housing Corporation	75%	\$66.24	0%	\$0.00	Estimate
TOTAL - AGENCIES		\$466.04		\$255.64	

Table 7 - Page 3
Incremental Net Expenditures per Person and Employee
Smart Track Fiscal Impact Analysis

Net Expenditures	Residential Incremental growth	Per Person	Non-Residential Incremental growth	Per Employee	Notes
Corporate Accounts					
Capital & Corporate Financing					
Capital from Current	75%	\$68.28	75%	\$27.43	Shares of other costs
Technology Sustainment	75%	\$3.59	75%	\$1.44	Shares of other costs
Debt Charges	75%	\$107.41	75%	\$43.15	Shares of other costs
Capital & Corporate Financing		\$179.28		\$72.02	
Non Program Expenditures					
Tax Deficiencies/Write offs	75%	\$9.71	75%	\$5.51	Estimate
Tax Increment Equivalent Grants (TIEG)	0%	\$0.00	100%	\$10.38	
Assessment Function (MPAC)	75%	\$7.32	75%	\$4.15	Estimate
Temporary Borrowing					
Funding of Employee Related Liabilities	75%	\$13.36	75%	\$5.37	Shares of other costs
Tax Rebates for Registered Charities					
Programs Funded from Reserve Funds					
Other Corporate Expenditures	75%	\$5.34	75%	\$2.14	Shares of other costs
Office of the Chief Transformation Officer	75%	\$0.38	75%	\$0.15	Shares of other costs
Insurance Premiums & Claims	75%	\$0.06	75%	\$0.02	Shares of other costs
Parking Tag Enforcement & Operations Exp	0%	\$0.00	0%	\$0.00	
Vacancy Rebate Program	0%	\$0.00	0%	\$0.00	No increase
Heritage Property Taxes Rebate	0%	\$0.00	0%	\$0.00	No increase
Street & Expressway Lighting Services					
Pandemic Influenza Stockpiling	100%	\$0.06	0%	\$0.00	No increase
Solid Waste Management Services Rebate	50%	\$26.66	0%	\$0.00	Estimate
Non-Program Expenditures		\$62.89		\$27.72	
Non Program Revenues					
Tax Stabilization Reserve (Prior Year Surplus)					
Payments in Lieu of Taxes	0%	\$0.00	50%	(\$18.01)	Estimate
Supplementary Taxes	100%	(\$9.28)	100%	(\$5.26)	
Tax Penalty Revenue	100%	(\$6.75)	100%	(\$3.83)	
Municipal Land Transfer Tax	100%	(\$187.99)	100%	(\$43.85)	
Third Party Sign Tax	0%	\$0.00	0%	\$0.00	No increase
Interest/Investment Earnings	75%	(\$20.70)	75%	(\$8.32)	Shares of other costs
Other Corporate Revenues	75%	(\$1.65)	75%	(\$0.66)	Shares of other costs
Dividend Income	75%	(\$14.65)	75%	(\$5.88)	Shares of other costs
Provincial Gas Tax	0%	\$0.00	0%	\$0.00	
Parking Authority Revenues	55%	(\$4.35)	55%	(\$5.76)	Transportation share
Administrative Support Recoveries - Water	0%	\$0.00	0%	\$0.00	No increase
Administrative Support Recoveries - Health & EMS	0%	\$0.00	0%	\$0.00	No increase
Parking Tag Enforcement & Operations Rev	0%	\$0.00	0%	\$0.00	No increase
Other Tax Revenues	100%	(\$3.06)	100%	(\$1.74)	
Woodbine Slots Revenues	50%	(\$2.72)	50%	(\$0.14)	Estimate
Gaming & Registry Revenues	50%	(\$0.64)	50%	(\$0.03)	Estimate
Court Services Fine Revenue					
Hotel and Lodging Tax	0%	\$0.00	100%	(\$3.81)	
Non-Program Revenues		(\$251.81)		(\$97.31)	
TOTAL - CORPORATE ACCOUNTS		(\$9.64)		\$2.43	
Special Levy for Scarborough Subway	100%	\$6.77	100%	\$7.95	
City Building Fund	100%	\$7.38	100%	\$2.96	
TOTAL - OTHER TAX SURCHARGES		\$14		\$11	
TOTAL LEVY REQUIREMENT	85%	\$948	53%	\$400	

As summarized in Table 8, overall it is estimated that new residential growth may produce cost savings in the order of \$168 or 15 per cent per capita. New non-residential growth has the potential to provide more cost savings, calculated at \$351 or 47 per cent per employee. This result is common given that more municipal services are population driven. It is important to note that if the City were to increase service levels, assume new services, or increase capital contributions, the empirical savings would be less than presented.

Table 8		
Annual Net Expenditure Summary		
	Residential	Non-Residential
Costs Per Capita/Employee Existing Base	\$1,116	\$751
Costs Per Capita/Employee New Development	\$948	\$400
Net Expense-Based Uncommitted Increment (per capita/employee)	\$168	\$351
Net Expense-Based Uncommitted Increment (per capita/employee)	15%	47%

D. SUMMARY OF ANALYSIS

Table 9 provides an overall summary of the results. It is anticipated that approximately 39 per cent of future tax revenue is notionally available that could be dedicated to SmartTrack related costs.

Table 9			
Summary of Available Annual Tax Increment			
	Total	Residential	Non-Residential
Total Tax Increment Available Per Capita/Employee		\$412	\$493
Total Tax Increment Available Per Capita/Employee	39%	30%	55%
SmartTrack Induced Growth Increment in Zones (2041)			
Expenses in 14 Primary Zones: Total \$	\$66,836,000	\$44,184,000	\$22,652,000
Tax Revenue in 14 Primary Zones: Total \$	\$113,941,000	\$63,357,000	\$50,584,000
Total Tax Increment Available	\$47,105,000	\$19,173,000	\$27,932,000
All Growth Occurring in Zones (2018-2041)			
Expenses in 14 Primary Zones: Total \$	\$174,595,000	\$127,044,000	\$47,552,000
Tax Revenue in 14 Primary Zones: Total \$	\$288,358,000	\$182,173,000	\$106,185,000
Total Tax Increment Available	\$113,762,000	\$55,129,000	\$58,633,000

The overall funding that may be available is presented in two ways. Firstly, when isolating new growth that occurs because of SmartTrack, the City may expect approximately \$114 million in additional annual tax revenue and \$67 million in incremental costs at 2041 (in \$2017). The available annual increment under this scenario is \$47 million.

When all growth forecasted to occur in the 14 Primary Zones is considered, irrespective if it is was induced by SmartTrack, the City may expect approximately \$288 million in additional annual tax revenue and \$175 million in incremental costs, an annual increment of \$114 million at 2041.