

Analyst Briefing Notes

**Works Committee
(November 8, 2005)**

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PART I: CAPITAL PROGRAM**Executive Summary**

- The 2005 Approved Capital Budget of \$288.701 million was 49% spent as at September 30 2005. Actual expenditures by year-end are anticipated to be \$251.821 million, or 87% of the Approved Budget, resulting in projected 2005 cash flow funding of \$11.916 million being carried into 2006 and \$24.964 million no longer being required. This spending rate represents an improvement over the 54% achieved for 2004. This projected under expenditure and resultant adjustments to carry forward funding need to be confirmed by the program. Adjustments to the 2006 Proposed Capital Budget will be reported through Budget Advisory Committee during the review of the 2006 Capital Budget.
- The Revised 2006-2015 Capital Program totals \$2.597 billion of which \$1.413 billion is proposed for the Program's 5-Year Capital Plan, with 2006 cash flow of \$259.514 million, \$251.646 million in 2007, \$292.904 million in 2008, \$295.807 million in 2009 and \$313.593 million in 2010.
- The 2006 Proposed Capital Budget including previously approved commitments requires new 2006 cash flow of \$247.598 million gross with debt funding of \$165.000 million. This cash flow combined with carry forward funding of \$11.916 million for 2005 projects bring the total 2006 Proposed Capital Budget to \$259.514 million gross, of which \$167.454 million is funded by debt.
- 54% of the 2006 proposed new cash flow is allocated to State-of-Good-Repair projects at \$139.9 million; 38% to Growth-Related projects at \$98.2 million (19% of which is debt funded), 5% to Service Improvement projects at \$13.2 million and 3% to Health & Safety projects at \$8.1 million.
- Overall, the Program has achieved the proposed 5 -Year debt guidelines which have been increased by \$20 million per year to address the backlog.
- Program funding requests in the Revised 5-Year Capital Plan include projects identified in the Development Charge plan. These projects represent growth in terms of construction and expansion of roadways and signalization. This source of funding has been maximized to the extent allowed by the Development Charge bylaw. 2006 Development Charge funding is to be approved subject to funds being available in the Development Charge Reserve Accounts.
- The 5-Year Capital Plan incorporates the SOGR backlog as it is currently known. This Plan was based on a needs-based budget request that in turn is based on eliminating the estimated backlog in 10 years. With the Revised 5-Year Capital Plan, the average annual backlog for SOGR is \$4 million if current debt targets are maintained. \$50 million of which is the estimated backlog for capital works related to roads, sidewalks, and expressways.
- Under the original 10-Year Capital Program, the average annual backlog for SOGR is \$71 million. \$50 million of which is the estimated backlog for capital works related to roads, sidewalks, and expressways. It has recently been recommended through Works Committee that an additional \$40 million in debt funding be allocated to help reduce the SOGR roads, expressways and sidewalks portion of the backlog. A staff report on this proposal is due during by November 2005 for the budget deliberations.

Recommendations

It is recommended that:

1. the 2006-2015 Transportation Services Capital Program request with a total 10-year project cost of \$2.527 billion be received;
2. the 2006 Proposed Capital Budget for Transportation Services with a total project cost of \$303.979 million and a 2006 cash flow of \$259.514 million and future year commitments of \$73.259 million in 2007, \$34.230 million in 2008 and \$8.730 million in 2009 be approved. The 2006 Proposed Capital Budget consists of the following:
 - a) New Cash Flow Funding for:
 - i) 61 new sub-projects with a 2006 total project cost of \$303.979 million that requires cash flow of \$200.350 million in 2006 and future year commitments of \$68.529 million in 2007, \$29.500 million in 2008 and \$5.600 million in 2009;
 - ii) all subprojects with new future year commitments be further reviewed during the 2006 Capital Budget Process and deferred where possible.
 - iii) 28 previously approved sub-projects with a 2006 cash flow of \$47.248 million and future year commitments of \$4.730 million in 2007, \$4.730 million in 2008 and \$3.130 million in 2009;
 - iv) 2006 approved cash flow for 27 previously approved sub-projects with carry forward funding from 2005 into 2006 totalling \$11.916 million; and
3. new debt service costs of \$4.950 million in 2006 and incremental costs of \$19.789 million in 2007, \$6.662 million in 2008, \$2.568 million in 2009 and \$0.652 in 2010 resulting from the approval of the 2006 Proposed Capital Budget, be approved for inclusion in the 2006 and future year operating budgets;
4. operating impacts in the Transportation Services Operating Budget of \$0.270 million for 2006 and \$0.270 million for 2007 emanating from the approval of the 2006 Proposed Capital Budget be considered within the overall scope of the Transportation Services 2006 and future years operating budget submissions;
5. 2006 Development Charge funding be approved subject to funds being available in the Development Charge Reserve Accounts;
6. the General Manager Transportation Services report back to the Budget Advisory Committee during the review of the 2006 Proposed Capital Budget on specific adjustments to be made to the 2006 cash flow in order to meet the 2006 proposed funding levels,
7. all sub-projects with third party financing be approved conditionally, subject to the receipt of such funding during 2006 and if such financing is not received, their priority and funding be reassessed by City Council relative to other City-financed priorities and needs;

8. the General Manager Transportation Services report back to the Deputy City Manager & Chief Financial Officer on a costing and priority framework be developed by Spring 2006 for managing the growth demands and public expectations associated with the Transportation Services various strategic reports, its SOGR backlog and its asset audits and that needs be reviewed collectively in order to revise the Transportation Services 2006-2010 Capital Plan at a sustainable debt funding level; and
9. the revised cash flow projections of \$251.646 million in 2007, \$292.904 million in 2008, \$295.807 million in 2009 and \$313.593 million in 2010 for Transportation Services be referred to the Deputy City Manager & Chief Financial Officer for review, in consultation with appropriate staff, and report back to the Budget Advisory Committee in the Spring of 2006 on a recommended Firm 5-Year Capital Plan within Council's approved debt affordability limits; and
10. the General Manager Transportation Services, in consultation with the Chief General Manager Toronto Transit Commission, report back to Budget Advisory Committee in 2006 or upon resolution of the current court proceedings related to St. Clair Ave. West Transit Improvements, on the status of this project and specifically on the total project cost and cash flow projections.
11. in the event that the project for the Dufferin Jog Elimination not proceed in 2006, that Transportation Services be authorized to re-allocate the approved funding for this project to State of Good Repair projects as prioritized by the Program.
12. the 2006 proposed funding of \$1.000 million gross and net for the Bloor Street Transformation project preliminary design phase be approved conditional upon City Council approval of the establishment of the new BIA and its first budget and further that no funds be committed until Council approval of the new BIA and its budget occurs; and
13. the funding for the Bloor Street Transformation project, which is initially funded by the City through the issuance of debt, be recovered, including debt service charges, from the new BIA by imposition of its new levy on the new BIA as directed by Council.

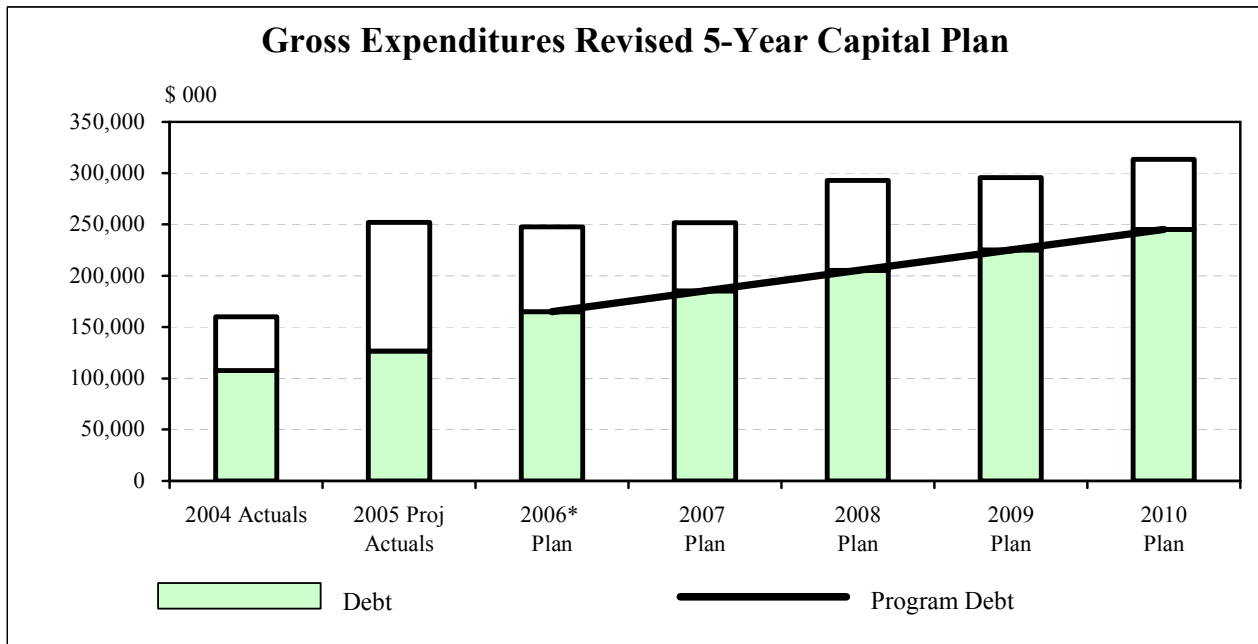
2005 Capital Variance Review

2005 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2005 Approved	Actuals as of Sept. 30 Y-T-D (3rd Qtr Variance)		Projected Actuals to Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
288,701	141,895	49	251,821	87	36,880

Comments / Issues:

- Transportation Services projected the year-end spending rate for 56 approved projects at 87% in its September 30, 2005 Variance Report. This spending rate represents an improvement over the 54% achieved for 2004.
- However, Transportation Services also had projected the year-end spending rate at 98.5% in its June 30, 2005 Variance Report. There was no projection for carry forward funding from 2005 into 2006 requested with the 2006 Capital submission. The September 30th variance report implies required carry forward funding of \$36.9 million. Only \$11.9 million in carry forward funding from 2005 into 2006 has been reflected to date in the 2006 Proposed Capital Budget.
- Note that as of the third quarter variance report, the year-end projections include the impact of the August 19, 2005 storm. This cost is mainly attributable to the reconstruction of Finch Avenue West and is estimated to be \$5.0 million and will be subject to change as the repair project proceeds. The funding for this project has been re-allocated from 2004 carry forwards.
- The level of carry forward funding required arises from a number of factors – planning and consultation is required on a large proportion of some projects before contracting can proceed, some one-year projects cannot be completed in the months remaining in the year after budget approval, and other complicating issues which arise.
- The 2006 Proposed Capital Budget does not reflect any subsequent changes to funding being carried forward from 2005 to 2006 based on the unspent cash flow balance projected as at September 30th, 2005. Adjustments to carry forward funding will be reported through to the Budget Advisory Committee during its review of the 2006 Proposed Capital Budget. The General Manager will be working with Financial Planning Division staff to determine the adjustments to carry forward funding requests for 2006 based on projected year-end spending.

5-Year Capital Plan (2006-2010)



	5 Year Plan							2006-2010
	2004	2005	2006	2007	2008	2009	2010	
Gross Expenditures:								
Budget (Excluding 1-Yr. Carry/Fwd)	201,843	224,976	247,598	251,646	292,904	295,807	313,593	1,401,548
1-Yr Carry/Fwd Gross (Reference only)	93,145	63,725	11,916					
Sub-Total Gross Exp. Including 1-Yr. Carry/Fwd	294,988	288,701	259,514					
Actuals	160,179	251,821						
Financing:								
Debt	189,727	180,697	165,000	185,000	205,000	225,000	245,000	1,025,000
Debt Actuals (including 1-Yr Carry/Fwd)	107,487	126,565						
Program Debt Target			165,000	185,000	205,000	225,000	245,000	1,025,000
Other Financing Sources:								
Reserves/Reserve Funds			8,900	11,074	10,538	10,525	10,810	51,847
Development Charges			28,130	33,460	55,216	40,902	38,387	196,095
Federal			0	0	0	0	0	0
Provincial			0	0	0	0	0	0
Other Revenue			45,568	22,112	22,150	19,380	19,396	128,606
By Category:								
Health & Safety			7,690	11,370	9,420	9,720	10,020	48,220
Legislative			0	0	0	0	0	0
SOGR			138,136	141,410	145,432	180,551	221,183	826,712
Service Improvement			11,295	31,229	30,741	17,706	16,184	107,155
Growth Related			90,477	67,637	107,311	87,830	66,206	419,461
Yearly SOGR Backlog Estimate (not addressed by current year projects)	47,328	30,455	1,426	(19,835)	(41,037)			
Accumulated Backlog Estimate (end of year)	294,244	324,699	326,125	306,290	265,253			

*Note: 2006 Proposed debt excludes 1-year carry forward.

- The 5-Year Capital Plan as reflected by the Transportation Services in their submission is a “needs based budget”. The objective of future year cash flows is the elimination of backlog work over a 10 year period.
- During staff review it was recommended that it was necessary to address priority backlog projects, therefore the debt targets for future years were increased annually by \$20 million.
- Based on the 2006 debt level and the Revised 5-year Capital Plan, estimates for Transportation Services are not affordable. On average, over the 5-year term, total required debt is \$48 million or 23% higher than proposed funding for 2006-2010.
- The Program’s ability to proceed with its Revised 5-Year Capital Plan to would depend on a number of factors including the disposition of planning, tendering and engineering studies. Also affecting the ability of the Program to achieve the plan is the availability of funding particularly with those projects that involve third party agreements.
 - ❖ For State of Good Repair (SOGR), the average over 5-years is \$165.3 million. This comprises an average of 59 of the 5-Year Plan. The 5-Year SOGR Plan is 99.5% debt funded on a total budget of \$0.827 billion. Average annual expenditures on major projects include bridge rehabilitation \$34.2 million, expressways \$14.2 million, major roads \$48.4 million, local roads \$56.2 million, sidewalks \$10.6 million and miscellaneous infrastructure \$7 million. There is, at present, a further required unspecified reduction to debt guidelines of \$24 million over 5-years. It is recommended that the Program revisit the Revised 5-Year Capital Plan in order to define the projects that this adjustment effects.
 - ❖ Service Improvement/Growth funding averages \$107.2 million per year or 38% of the 5-Year Plan. The Service Improvement projects consist of traffic plant, signage and safety improvement projects and cycling initiatives. Growth categories are composed of major development-related road projects including road widening and improving and grade separations. Projects in this category are the Dufferin Jog Elimination, grade separations on Steeles, Sheppard and Morningside, the North Yonge Center land acquisitions and construction of the service road, various track replacement related work (recoverable from the TTC), Highway 27 (401-Steeles) and the St. Clair Dedicated Streetcar Line. Projects are prioritized based on resource/land availability and current assessed need in regards to maintaining appropriate safety and capacity standards in coordination with the City’s Strategic Plan priorities and debt affordability. Debt funding on Service Improvement/Growth projects averages 17% over 5 years or \$174 million at an average of \$34.8 million per year. Debt funding is 54% attributed to Growth related projects.
 - ❖ With this Revised 5-Year Capital Plan, the SOGR backlog impact, based on debt affordability is currently estimated to be \$265 million by 2010. By maintaining the current level of SOGR debt funding, the estimated backlog will grow at an average rate of \$3.7 million per year. Note that this SOGR backlog is an estimate based on debt affordability and does not include variances due to schedule slippage. The starting point for this backlog is the presently estimated back log of \$235 million and the current request for carry forward funding from 2005 of \$11.916 million.
 - ❖ The Revised 5-Year Capital Plan includes an increase of \$20 million of debt per year over the 2005 debt guideline level which means that over 5 years an extra \$100 million will be allocated to backlog reduction this has the effect of reducing backlog projected to 2010 by 40%.

- ❖ The continuing issue is the ability to secure adequate funding within debt constraints in order to maintain a reasonable ratio of annual expenditure to asset value and ensure the state of good repair of the City's transportation infrastructure. As well, there is the need to ensure that work is not postponed to prevent annual maintenance cost increases and deterioration of transportation infrastructure that may need full remediation prematurely.
- ❖ It is also recommended that the General Manager Transportation Services report back to the Deputy City Manager & Chief Financial Officer on a costing and priority framework to be developed by Spring 2006 for managing the growth demands and public expectations associated with the Transportation Services various strategic reports, its SOGR backlog and its asset audits and that needs be reviewed collectively in order to revise the Transportation Services 2006-2010 Capital Plan at a sustainable debt funding level.

2006 Capital Budget Submission Summary

(\$000)

2006 Capital Projects		Total Project Cost		2004 Carry Forward		2006 Previous Commitment		2006 New		Total 2006 Request (w/o 2005 C/Fwd)		2005 Carry Forward		Total 2006 (Incl 2005 C/Fwd)	
Project / Sub-Project Name	Cat	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
Carryforwards:															
										0	0			0	0
										0	0			0	0
None submitted										0	0			0	0
										0	0			0	0
										0	0			0	0
										0	0			0	0
										0	0			0	0
										0	0			0	0
Sub-Total				0	0	0	0	0	0	0	0	0	0	0	0
Previously Approved:															
New Traffic Control Signals/Devices - History 2005	1	2,400	0			150	150			150	150			150	150
Salt Management Program - History 2005	1	1,910	1,910			500	500			500	500			500	500
Signal Major Modification - History 2005	1	1,600	400			400	400			400	400			400	400
Upgrades To Meet New ESA Requirements-History 2005	1	2,300	2,300			400	400			400	400			400	400
We Are All Pedestrians - History 2005	1	520	520			140	140			140	140			140	140
City Bridge Rehabilitation - History 2005	3	20,000	20,000			3,000	3,000			3,000	3,000			3,000	3,000
Don Valley Parkway Rehabilitation - History 2005	3	1,605	1,605			1,000	1,000			1,000	1,000			1,000	1,000
Expressway Lighting - History 2005	3	1,000	1,000			1,000	1,000			1,000	1,000			1,000	1,000
Facility Improvements Various Locations - History 2005	3	2,000	2,000			1,500	1,500			1,500	1,500			1,500	1,500
Gardiner DVP to 427 - History 2005	3	280,239	280,239			1,566	1,566			1,566	1,566			1,566	1,566
Laneways - History 2005	3	800	800			200	200			200	200			200	200
Leaside Bridge - History 2005	3	21,800	14,600			12,200	8,600			12,200	8,600			12,200	8,600
Local Road Reconstruction - History 2005	3	15,500	15,500			2,107	2,107			2,107	2,107			2,107	2,107
Local Road Resurfacing - History 2005	3	22,000	22,000			2,150	2,150			2,150	2,150			2,150	2,150
Major Road Reconstruction - History 2005	3	14,340	14,340			4,125	4,125			4,125	4,125			4,125	4,125
Major Road Resurfacing - History 2005	3	18,000	18,000			1,000	1,000			1,000	1,000			1,000	1,000
Pole Replacement - History 2005	3	1,700	1,700			1,510	1,510			1,510	1,510			1,510	1,510
Sidewalks - History 2005	3	10,000	10,000			1,000	1,000			1,000	1,000			1,000	1,000
Street Lighting Asset Management - History 2005	3	3,500	2,800			2,700	2,700			2,700	2,700			2,700	2,700
Traffic Plant Requirements - History 2005	3	4,400	4,400			2,850	2,850			2,850	2,850			2,850	2,850
Cycling Infrastructure - History 2005	4	2,500	2,500			150	150			150	150			150	150
LED Signal Module Conversion - History 2005	4	16,690	16,690			5,130	5,130			5,130	5,130			5,130	5,130
Street Furniture Harmonization - History 2005	4	285	285			85	85			85	85			85	85
Traffic Control - RESCU - History 2005	4	1,500	375			375	375			375	375			375	375
Dufferin Street Jog Elimination - History 2005	5	33,009	23,142			14,327	9,757			14,327	9,757			14,327	9,757
Leslie Sheppard - History 2005	5	4,300	2,050			1,200	600			1,200	600			1,200	600
Morningside Ave/Finch Ave Grade Sep. -History 2005	5	6,300	3,150			3,150	1,575			3,150	1,575			3,150	1,575
Steeles/Kennedy Grade Separation	5	22,670	11,335			5,600	2,800			5,600	2,800			5,600	2,800
Sub Total				0	0	69,515	56,370	0	0	69,515	56,370	0	0	69,515	56,370

2006 Capital Budget Submission Summary (cont'd)

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2006 Capital Projects		Total Project Cost		2004 Carry Forward		2006 Previous Commitment		2006 New		Total 2006 Request (w/o 2005 C/Fwd)		2005 Carry Forward		Total 2006 (Incl 2005 C/Fwd)	
Project / Sub-Project Name	Cat	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
New and Change in Scope Projects															
Audible Signals	1	650	650					585	585	585	585			585	585
Emergency Preparedness - Traffic Plant	1	500	500					450	450	450	450			450	450
New Traffic Control Signals / Devices	1	2,900	725					2,610	653	2,610	653			2,610	653
Salt Management Program	1	1,800	1,800					400	400	400	400			400	400
Signal Major Modifications	1	2,480	620					2,232	558	2,232	558			2,232	558
Upgrades To Meet New ESA Requirements	1	1,600	1,600					1,440	1,440	1,440	1,440			1,440	1,440
We Are All Pedestrians	1	540	540					486	486	486	486			486	486
Allen Expressway	3	1,120	1,120					1,008	1,008	1,008	1,008			1,008	1,008
City Bridge Rehabilitation	3	36,000	36,000					32,400	32,400	32,400	32,400			32,400	32,400
Don Valley Parkway Rehabilitation	3	3,600	3,600					3,240	3,240	3,240	3,240			3,240	3,240
Expressway Lighting	3	800	800					400	400	400	400			400	400
Facility Improvements Various Locations	3	1,750	1,750					400	400	400	400			400	400
Gardiner DVP to 427	3	26,000	26,000					23,400	23,400	23,400	23,400			23,400	23,400
Laneways	3	1,100	1,100					990	990	990	990			990	990
Local Road Reconstruction	3	23,000	23,000					20,700	20,700	20,700	20,700			20,700	20,700
Local Road Resurfacing	3	30,000	30,000					27,000	27,000	27,000	27,000			27,000	27,000
Major Road Reconstruction	3	16,000	16,000					14,400	14,400	14,400	14,400			14,400	14,400
Major Road Resurfacing	3	27,000	27,000					24,300	24,300	24,300	24,300			24,300	24,300
Pole Replacement	3	2,000	2,000					1,700	1,700	1,700	1,700			1,700	1,700
Retaining Walls Rehabilitation	3	1,050	1,050					1,050	1,050	1,050	1,050			1,050	1,050
Sidewalks	3	14,000	14,000					12,600	12,600	12,600	12,600			12,600	12,600
Street Lighting Asset Management	3	1,600	1,280					1,000	800	1,000	800			1,000	800
Traffic Plant Requirements/Signal Asset Management	3	8,300	8,300					7,470	7,470	7,470	7,470			7,470	7,470
Advanced Traffic Signal Control	4	1,000	250					900	225	900	225			900	225
Cycling Infrastructure	4	3,000	3,000					3,000	3,000	3,000	3,000			3,000	3,000
Engineering Studies	4	1,150	750					1,150	750	1,150	750			1,150	750
Hydro Conversion	4	1,000	1,000					1,000	1,000	1,000	1,000			1,000	1,000
LED Signal Module Conversion	4	5,130	5,130					4,617	4,617	4,617	4,617			4,617	4,617
Noise Walls	4	1,000	1,000					1,000	1,000	1,000	1,000			1,000	1,000
Oversized Street Name Signs	4	400	400					360	360	360	360			360	360
Permanent Count Stations	4	150	150					135	135	135	135			135	135
Safety and Operational Improvements	4	500	250					500	250	500	250			500	250
Sign Replacement - Expressways	4	250	250					225	225	225	225			225	225
Street Tree Planting	4	900	0					900	0	900	0			900	0
Traffic Calming	4	750	750					750	750	750	750			750	750
Traffic Control - RESCU	4	3,500	875					3,150	788	3,150	788			3,150	788
Bloor Street Transformation	5	25,000	25,000					1,000	1,000	1,000	1,000			1,000	1,000
Const. of Pavement/Sidewalks - Railway	5	800	800					800	800	800	800			800	800
Construction of Underpass - Railway Lands	5	15,000	0					2,300	0	2,300	0			2,300	0
Ellesmere, Warden - Kennedy	5	6,885	3,442					3,250	1,625	3,250	1,625			3,250	1,625
Growth Related Capital Works - City Wide Development	5	2,000	0					2,000	0	2,000	0			2,000	0
HIghway 27 (401-Steeles)	5	10,000	10,000					2,000	2,000	2,000	2,000			2,000	2,000
Milner Connector at Morningside/401	5	1,000	0					1,000	0	1,000	0			1,000	0

2006 Capital Budget Submission Summary (cont'd)

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2006 Capital Projects		Total Project Cost		2004 Carry Forward		2006 Previous Commitment		2006 New		Total 2006 Request (w/o 2005 C/Fwd)		2005 Carry Forward		Total 2006 (Incl 2005 C/Fwd)	
Project / Sub-Project Name	Cat	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
Morningside Ave./Finch Ave. Grade Separation	5	15,000	7,500					7,500	3,750	7,500	3,750			7,500	3,750
North Yonge Centre - Acquisition	5	4,000	0					4,000	0	4,000	0			4,000	0
North Yonge Centre - Construction	5	3,000	0					3,000	0	3,000	0			3,000	0
Scarlett/St Clair/Dundas	5	14,850	14,850					1,100	1,100	1,100	1,100			1,100	1,100
St. Clair (Phase 2: Tweedsmuir to Gunn's Rd.)	5	31,950	2,400					31,950	2,400	31,950	2,400			31,950	2,400
Steeles Avenue West (Hilda Ave to Bathurst St)	5	350	350					350	350	350	350			350	350
Steeles/Kennedy Grade Separation	5	26,200	13,100					1,000	500	1,000	500			1,000	500
Third Party Signals	5	2,540	0					2,286	0	2,286	0			2,286	0
Third Party Street Lighting	5	750	0					750	0	750	0			750	0
Transit Priority	5	1,480	0					1,332	0	1,332	0			1,332	0
Various Construction Projects	5	10,000	0					10,000	0	10,000	0			10,000	0
								0	0	0	0			0	0
Sub Total		393,325	290,682	0	0	0	0	273,566	203,055	273,566	203,055	0	0	273,566	203,055
Total 2006		393,325	290,682	0	0	69,515	56,370	273,566	203,055	343,081	259,425	0	0	343,081	259,425

*Category Index: (1) Health & Safety; (2) Legislated/ City Policy, (3) SOGR, (4) Service Improvement/Enhancement, (5) Growth Related

2006 Proposed Capital Budget Changes (\$000)

		2006 Requested Cash Flow		Proposed Changes			2006 Proposed Cash Flow	
Project/Sub Project Name	Cat.	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Comments / Issues	Gross	Debt/ Internal Sources
2005 Carryforwards								
Advanced Traffic Signal Control	4			300	25	Currently confirmed by program	300	25
Audible Signals	1			60	60	"	60	60
City Bridge Rehabilitation	3			289	289	"	289	289
Cycling Infrastructure	4			220	220	"	220	220
Dufferin Street Jog Elimination	5			5,210	0	"	5,210	0
Ellesmere, Warden - Kennedy	5			50	0	"	50	0
Engineering Studies	4			115	0	"	115	0
Facility Improvements	3			50	50	"	50	50
Hydro Conversion	4			50	50	"	50	50
Laneways	3			10	10	"	10	10
Leslie / Sheppard	5			500	0	"	500	0
Local Road Reconstruction	3			228	228	"	228	228
Local Road Resurfacing	3			337	337	"	337	337
Major Road Resurfacing	3			289	289	"	289	289
Morningside Avenue/Finch Avenue Grade Separation	5			315	0	"	315	0
Operational Gridlock TPS	4			100	100	"	100	100
Pole Replacement	3			50	50	"	50	50
Safety and Operational Improvements	4			52	0	"	52	0
Salt Management Program	1			141	141	"	141	141
Signal Major Modifications	1			100	0	"	100	0
Street Lighting Asset Management	3			80	0	"	80	0
Third Party Signals	5			400	0	"	400	0
Traffic Calming	4			75	75	"	75	75
Traffic Control - RESCU	4			1,025	0	"	1,025	0
Traffic Plant Requirements/Signal Asset Management	3			400	400	"	400	400
Transit Priority	5			1,340	0	"	1,340	0
We Are All Pedestrians	1			130	130	"	130	130
Sub Total		0	0	11,916	2,454		11,916	2,454
2004 Carryforwards								
None submitted							0	0
Sub Total		0	0	0	0		0	0

2006 Proposed Capital Budget Changes (\$000) (cont'd)

		2006 Requested Cash Flow		Proposed Changes			2006 Proposed Cash Flow	
Project/Sub Project Name	Cat.	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Comments / Issues	Gross	Debt/ Internal Sources
2006 Previously Approved Commitments								
City Bridge Rehabilitation - History 2005	3	3,000	3,000				3,000	3,000
Cycling Infrastructure - History 2005	4	150	150				150	150
Don Valley Parkway Rehabilitation - History 2005	3	1,000	1,000				1,000	1,000
Dufferin Street Jog Elimination - History 2005	5	14,327	9,757	(8,327)	(5,677)	Deferred re:meeting of Oct 21,2005	6,000	4,080
Expressway Lighting - History 2005	3	1,000	1,000	(1,000)	(1,000)	Responsibility for hydro poles transfer to Toronto Hydro	0	0
Facility Improve. Various - History 2005	3	1,500	1,500				1,500	1,500
Gardiner DVP to 427 - History 2005	3	1,566	1,566				1,566	1,566
Laneways - History 2005	3	200	200				200	200
Leaside Bridge - History 2005	3	12,200	8,600				12,200	8,600
LED Signal Module Conversion - History 2005	4	5,130	5,130	(3,130)	(3,130)	Deferred to meet affordability guidelines	2,000	2,000
Leslie Sheppard - History 2005	5	1,200	600		(600)	Deferred to meet affordability guidelines	1,200	0
Local Road Reconstruction - History 2005	3	2,107	2,107				2,107	2,107
Local Road Resurfacing - History 2005	3	2,150	2,150				2,150	2,150
Major Road Reconstruction - History 2005	3	4,125	4,125				4,125	4,125
Major Road Resurfacing - History 2005	3	1,000	1,000				1,000	1,000
Morningside/Finch Grade Sep. -History 2005	5	3,150	1,575				3,150	1,575
New Traffic Control Signals/Devices - History 2005	1	150	150				150	150
Pole Replacement - History 2005	3	1,510	1,510	(1,510)	(1,510)	Responsibility for hydro poles transfer to Toronto Hydro	0	0
Salt Management Program - History 2005	1	500	500				500	500
Sidewalks - History 2005	3	1,000	1,000				1,000	1,000
Signal Major Modification - History 2005	1	400	400				400	400
Steeles/Kennedy Grade Separation	5	5,600	2,800	(5,600)	(2,800)	Deferred to meet affordability guidelines	0	0
Street Furniture Harmonization - History 2005	4	85	85				85	85
Street Lighting Asset Mgmt - History 2005	3	2,700	2,700	(2,700)	(2,700)	Responsibility for hydro poles transfer to Toronto Hydro	0	0
Traffic Control - RESCU - History 2005	4	375	375				375	375
Traffic Plant Requirements - History 2005	3	2,850	2,850				2,850	2,850
Upgrades New ESA Require. -History 2005	1	400	400				400	400
We Are All Pedestrians - History 2005	1	140	140				140	140
Sub Total		69,515	56,370	(22,267)	(17,417)		47,248	38,953
New Projects								
Advanced Traffic Signal Control	4	900	225	800	200		1,700	425
Allen Expressway	3	1,008	1,008				1,008	1,008
Audible Signals	1	585	585	(95)	(95)	Deferred to meet affordability guidelines	490	490
Backlog Priority Elimination Local Roads				4,500	4,500		4,500	4,500
Backlog Priority Elimination Major Roads				5,377	5,377		5,377	5,377

2006 Proposed Capital Budget Changes (\$000) (cont'd)

		2006 Requested Cash Flow		Proposed Changes			2006 Proposed Cash Flow	
Project/Sub Project Name	Cat.	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Comments / Issues	Gross	Debt/ Internal Sources
Bloor Street Transformation	5	1,000	1,000			Adjustment to funding source Other1 (recoverable)	1,000	1,000
City Bridge Rehabilitation	3	32,400	32,400	(10,400)	(10,400)	Deferred to meet affordability guidelines	22,000	22,000
City Wide Development Related	5	2,000	0				2,000	0
Const. of Pavement/Sidewalks - Railway	5	800	800				800	800
Construction of Underpass - Railway Lands	5	2,300	0				2,300	0
Cycling Infrastructure	4	3,000	3,000	(950)	(950)	Deferred to meet affordability guidelines	2,050	2,050
Don Valley Parkway Rehabilitation	3	3,240	3,240				3,240	3,240
Dufferin Street Jog Elimination	5			6,000	4,080	Increased re:meeting of Oct 21,2005	6,000	4,080
Ellesmere, Warden - Kennedy	5	3,250	1,625	1,750	875		5,000	2,500
Emergency Preparedness - Traffic Plant	1	450	450	(450)	(450)	Deferred to meet affordability guidelines	0	0
Engineering Studies	4	1,150	750				1,150	750
Expressway Lighting	3	400	400	(400)	(400)	Deferred to meet affordability guidelines	0	0
Facility Improvements Various Locations	3	400	400	(400)	(400)	Deferred to meet affordability guidelines	0	0
Gardiner DVP to 427	3	23,400	23,400	(16,466)	(16,900)	Deferred to meet affordability guidelines	6,934	6,500
Highway 27 (401-Steeles)	5	2,000	2,000	(2,000)	(2,000)	Deferred to meet affordability guidelines	0	0
Hydro Conversion	4	1,000	1,000	(1,000)	(1,000)	Deferred to meet affordability guidelines	0	0
Keele/Wilson	5			1,000	500		1,000	500
Laneways	3	990	990				990	990
LED Signal Module Conversion	4	4,617	4,617	(4,617)	(4,617)	Deferred to meet affordability guidelines	0	0
Local Road Reconstruction	3	20,700	20,700	(5,789)	(5,789)	Deferred to meet affordability guidelines	14,911	14,911
Local Road Resurfacing	3	27,000	27,000	(6,686)	(6,686)	Deferred to meet affordability guidelines	20,314	20,314
Major Road Reconstruction	3	14,400	14,400	(6,663)	(6,663)	Deferred to meet affordability guidelines	7,737	7,737
Major Road Resurfacing	3	24,300	24,300	(6,377)	(6,377)	Deferred to meet affordability guidelines	17,923	17,923
Milner Connector at Morningside/401	5	1,000	0				1,000	0
Morningside/Finch Grade Sep.	5	7,500	3,750				7,500	3,750
New Traffic Control Signals / Devices	1	2,610	653	(150)	(150)	Deferred to meet affordability guidelines	2,460	503
Noise Walls	4	1,000	1,000	(1,000)	(1,000)	Deferred to meet affordability guidelines	0	0
North Yonge Centre - Acquisition	5	4,000	0				4,000	0
North Yonge Centre - Construction	5	3,000	0				3,000	0
Oversized Street Name Signs	4	360	360	(323)	(323)	Deferred to meet affordability guidelines	37	37
Permanent Count Stations	4	135	135	(135)	(135)	Deferred to meet affordability guidelines	0	0
Pole Replacement	3	1,700	1,700	(1,700)	(1,700)	Responsibility for hydro poles transfer to Toronto Hydro	0	0
Princes Gates	5			700	700	Joint project re: City of Milan	700	700
Retaining Walls Rehabilitation	3	1,050	1,050	(1,050)	(1,050)		0	0
Safety and Operational Improvements	4	500	250				500	250

2006 Proposed Capital Budget Changes (\$000) (cont'd)

		2006 Requested Cash Flow		Proposed Changes			2006 Proposed Cash Flow	
Project/Sub Project Name	Cat.	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Comments / Issues	Gross	Debt/ Internal Sources
Salt Management Program	1	400	400				400	400
Scarlett/St Clair/Dundas	5	1,100	1,100	(1,100)	(1,100)	Deferred to 2008 to meet affordability guidelines	0	0
Sidewalks	3	12,600	12,600	(3,580)	(3,580)	Deferred to meet affordability guidelines	9,020	9,020
Sign Replacement - Expressways	4	225	225	(225)	(225)	Deferred to meet affordability guidelines	0	0
Signal Major Modifications	1	2,232	558	(582)	(445)	Deferred to meet affordability guidelines	1,650	113
St. Clair (Phase 2: Tweedsmuir to Gunn's Rd.)	5	31,950	2,400		(2,400)	Adjustment for amount reallocated in 2005.	31,950	0
Steeles Avenue West (Hilda - Bathurst)	5	350	350	(350)	(350)	Deferred to meet affordability guidelines	0	0
Steeles/Kennedy Grade Separation	5	1,000	500				1,000	500
Street Lighting Asset Management	3	1,000	800	(1,000)	(800)	Responsibility for hydro poles transfer to Toronto Hydro	0	0
Street Tree Planting	4	900	0				900	0
Third Party Signals	5	2,286	0				2,286	0
Third Party Street Lighting	5	750	0	(750)			0	0
Traffic Calming	4	750	750				750	750
Traffic Control - RESCU	4	3,150	788	(2,467)	(617)	Deferred to meet affordability guidelines	683	171
Traffic Plant /Signal Asset Mgmt	3	7,470	7,470	(5,670)	(5,670)	Deferred to meet affordability guidelines	1,800	1,800
Transit Priority	5	1,332	0				1,332	0
Upgrades To Meet New ESA Requirements	1	1,440	1,440	(340)	(340)	Deferred to meet affordability guidelines	1,100	1,100
Various Construction Projects	5	10,000	0				10,000	0
We Are All Pedestrians	1	486	486	(486)	(486)	Deferred to meet affordability guidelines	0	0
UNSPECIFIED ADJUSTMENT TO GUIDELINE	3			(10,142)	(10,142)	Remaining Adjustment TBD to meet debt guidelines	(10,142)	(10,142)
Sub Total New Projects		273,566	203,055	(73,216)	(77,008)		200,350	126,047
Total 2006 Proposed (Incl. 2005 C/Fwd)		343,081	259,425	(83,567)	(91,971)		259,514	167,454
Less 2005 Carry Forwards		0	0	(11,916)	(2,454)		(11,916)	(2,454)
Total 2006 Proposed (Excl. 2005 C/Fwd)		343,081	259,425	(95,483)	(94,425)		247,598	165,000

Total 2006 Proposed Cash Flow & Future Year Commitments (\$000s)

	2004 & Prior Year Carry Forward	2006 Previous Commitments	2006 New Proposed	2006 Total Cash Flow Proposed	2006 Guidelines	2005 Carry Forward	Total 2006 Cash Flow (Incl 2005 C/Fwd)	2007	2008	2009	2010	2011- 2015	Total Cost
Expenditures													
Previously Approved	0	47,248		47,248	38,953	11,916	59,164	4,730	4,730	3,130			71,754
Change in Scope			8,500	8,500	4,250		8,500	17,100	10,000	5,600			41,200
New			65,185	65,185	121,797		65,185						65,185
New w/Future Year			126,665	126,665			126,665	51,429	19,500				197,594
Total Expenditure	0	47,248	200,350	247,598	165,000	11,916	259,514	73,259	34,230	8,730	0	0	375,733
Financing													
Debt		38,953	126,047	165,000	165,000	2,454	167,454	54,637	21,730	5,930			249,751
Subsidy (SCPI)													
Prov. Subsidy/Grant													
Development Charges		8,295	19,835	28,130		7,722	35,852	18,220	12,500	2,800			69,372
Other			45,568	45,568		1,740	47,308	402					47,710
Federal Grants													
Reserves/Res Funds	0		8,900	8,900			8,900						8,900
Total Financing	0	47,248	200,350	247,598	165,000	11,916	259,514	73,259	34,230	8,730	0	0	375,733

Comments / Issues:

- the 2006 Proposed Capital Budget is \$259.514 million gross, including \$59.164 million in funding for previously approved commitments, \$200.350 million for new/change in scope projects and \$11.916 million in carry forward funding from 2005 to 2006. Carry forwards need to be reviewed by the Program and revised to reflect year-end projections. Also included is \$10 million in 2006 for unspecified reductions yet to be defined.
- approval of the 2006 Proposed Capital Budget will result in commitments of \$73.259 million in 2007, \$34.230 million in 2008 and \$8.730 million in 2009 that will encumber the following years' spending. The 2007 to 2010 commitments are for projects such as the Steeles/Kennedy Grade Separation for \$25 million, the Bloor Street Transformation for \$24 million, the Simcoe Street underpass for \$13 million, LED Signals for \$13 million and the Morningside /Finch Grade Separation for \$8 million.
- included the 2006 Proposed Capital Budget is Phase II of the St. Clair Dedicated Streetcar Line. Transportation Services has included an expenditure of \$31.950 million which is fully recoverable from the TTC. The TTC has budgeted the full cost of this project within the 5-Year Plan of the Toronto Transit Commission.
- the 2006 guidelines allow for debt funding of all previously approved commitments, changes in scope and 100% or \$122 million of the proposed debt funded new projects for 2006.

Operating Budget Impact

Incremental Operating Budget Summary

Incremental Operating Budget Impact	2006	2007	2008	2009	2010
Program Costs (net) (\$000s)	270.0	270.0			
Debt Service Charges (\$000s)	4,950.0	19,789.1	6,662.0	2,568.2	652.3
Approved Positions					

Program Incremental Operating Costs

The 2006 Proposed Capital Budget will increase the Program’s Operating Budget, with incremental impacts in 2006 and future years as a result of the following capital projects/subprojects:

2006 Capital Projects/Sub-Projects	2006 (\$000s)	2006 approved position change	2007 (\$000s)
New Traffic Control Signals	250.0		250.0
Traffic Control RESCU System	20.0		20.0
TOTAL	270.0	0.0	270.0

The operating impact of previously approved and new capital projects will affect the 2006 operating base budget with incremental impacts of \$270 thousand in each of the years 2006 and 2007. These increases are required to cover additional system and maintenance costs for the Traffic Control RESCU System and New Traffic Control Signals.

There are no new positions being added as a result of approving the 2006 Proposed Capital Budget.

Debt Service Cost

The 2006 Proposed Capital Budget for Transportation Services will result in new debt service costs of \$4.950 million in 2006 and the incremental cost of \$19.789 million in 2007, \$6.662 million in 2008, \$2.568 million in 2009 and \$0.652 million in 2010. The increase shown in 2007 is due to the full debt service cost impact on new project cash flow from 2006. Projects for SOGR and Service Improvement/Growth comprise, respectively, 81% and 16% of this impact in 2006.

Debt service cost of repayment of principal and interest is calculated according to corporate guidelines, in the following manner: 3.0% Year 1, and 14% for subsequent years

PART II: ISSUES FOR DISCUSSION**2006 Issues****2006 Proposed Capital Budget versus Guideline**

The 2006 debt affordability guideline for Transportation Services is set at \$165.000 million, which is 63% of the debt funding requested for New / Change of Scope and previously approved commitments approved in 2005 for 2006. The original debt affordability guideline was \$142.696 million. This was changed after consultation with the Program with a view to gradually increasing the debt guideline annually to accommodate work meant to reduce the outstanding backlog currently estimated at \$235 million. Previously approved projects that are accommodated within the revised debt guideline include \$15 million for major and local road work and \$12 million for bridges including the Leaside Bridge. New projects accommodated include major and local road work for \$88 million and bridge rehabilitation for \$22 million. Also included is funding for the Steeles and Morningside Grade Separations (underpasses) and the join project for the Princes Gate.

Options taken to attain this reduction include deferral of further requested new initiatives such as LED signals \$5 million, deferring work on expressways \$19 million, local and major road work \$25 million and deferring work on bridge rehabilitation \$10 million. Also included is a further reduction of \$10 million that still needs to be allocated. At the same time, the debt targets by year have also been increased annually by \$20 million to address backlog concerns. These actions ensure the debt target is achieved, however, continual deferral of what is essentially SOGR expenditures for the City's critical transportation infrastructure may only exacerbate the problem by increasing the backlog currently estimated at \$235 million for year-end 2005, decreasing the state of good repair of assets and consequentially, over the short term, increasing the operating expenditures for maintenance of assets beyond their normal life-cycle replacement.

In the 2006 Proposed Capital Budget, the program has shown care in the application of debt funding and has made use of virtually all available Reserve Fund and Development Charge financing available at the time of budget preparation. With the 2006 debt target of \$165.000 million and the current level of SOGR backlog of \$235 million, 2007 will begin with a backlog of approximately \$329 million. If the debt funding level is held at the current debt affordability guidelines for the next five years (2006-2010), the debt related backlog would increase by \$240 million and represent an increase of 102% over current levels of backlog. The current projected 5-Year Plan allocates an extra \$20 million in debt capacity which reduces the estimated backlog as of 2010 by 40%. However, realizing other sources of funding is essential to meeting the cumulative backlog needs of the Transportation Capital Program.

5 Year Capital Plan Overview

The current 5-year request reflects all asset needs as submitted by Transportation Services adjusted for debt affordability. The 5 and 10-year plans have been revised based on current debt affordability. An extra \$20 million in debt has been added each year of the 5-Year plan in order to begin addressing the backlog. In addition, it was recently recommended through Works Committee that an additional \$40 million in debt funding be allocated to help reduce the SOGR roads, expressways and sidewalks portion of the backlog. A staff report on this proposal is due during by November 2005 for the budget deliberations.

A major element of the future year estimates is the state of good repair plan. The State of Good Repair (SOGR) average request over 5-years is \$203 million. This comprises an average of 62% of the 5-year request. These estimates are mainly composed of timely scheduled preventive maintenance to major and local roads, bridges, expressways and transportation infrastructure and systems. The SOGR Revised Plan reflects \$166 million per year or 59% of the total 5-Year Revised Plan.

Service Improvement/Growth averaged \$114 million per year or 35% of the five year request. The Service Improvement projects consist of traffic plant, signage and safety improvement projects and cycling initiatives. Growth categories include major development-related road projects including road widening and improving and grade separations. Funding for Service Improvement/Growth projects total \$107 million per year or 38% of the total 5-Year Revised Plan.

As shown in the table below, the current revised affordability guidelines are insufficient to sustain the future year estimates for the program. Over the first 5-years of the plan there is an average annual deficit of \$48 million based on 2006 proposed debt levels. This average is based on including all SOGR requirements in order to eliminate current backlogs over 10 years. As shown in the table on page 5, the average annual deficit for SOGR only is \$3.6 million based on 2006 proposed debt levels. As of year-end 2010, with the current debt affordability guidelines maintained, \$240 million will be added to the total debt related backlog. This includes the debt backlog generated not only on SOGR but also on Service/Growth initiatives.

Revised 5-Year Capital Plan Summary						
	(\$000's)					
	2006	2007	2008	2009	2010	Total
Health & Safety	9,793	12,540	11,662	11,723	11,996	57,714
Legislative	0	0	0	0	0	0
SOGR	209,966	207,830	199,480	198,340	197,055	1,012,671
Service Improvement	24,342	31,906	33,930	14,597	15,027	119,802
Growth Related	98,980	83,371	99,837	81,987	85,087	449,262
Total projected need	343,081	335,647	344,909	306,647	309,165	1,639,449
Debt Request	259,425	268,598	261,237	234,278	241,173	1,264,711
2006 Debt Guideline REVISED	165,000	185,000	205,000	225,000	245,000	1,025,000
Yearly Backlog	(94,425)	(83,598)	(56,237)	(9,278)	3,827	(239,711)
Accumulated Backlog	(94,425)	(178,023)	(234,260)	(243,538)	(239,711)	

5-Year Plan Proposed Changes (\$000)

Project / Sub-Project Name	2006		2007		2008		2009		2010		TOTAL 2011-2015	
	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources
	1	2	3	4	5	6	7	8	9	10	11	12
PROGRAM REQUEST	343,081	259,425	335,647	268,598	344,909	261,237	306,647	234,278	309,165	241,173	1,639,449	1,264,711
PROPOSED CHANGES:												
Previously Approved:												
Advanced Traffic Signal Control	300	25										
Audible Signals	60	60										
City Bridge Rehabilitation	289	289										
Cycling Infrastructure	220	220										
Dufferin Street Jog Elimination	(3,117)	(5,677)										
Ellesmere, Warden - Kennedy	50											
Engineering Studies	115											
Expressway Lighting	(1,000)	(1,000)										
Facility Improvements	50	50										
Hydro Conversion	50	50										
Laneways	10	10										
LED Signal Module Conversion	(3,130)	(3,130)	4,730	4,730	4,730	4,730	3,130	3,130				
Leslie / Sheppard	500	(600)										
Local Road Reconstruction	228	228										
Local Road Resurfacing	337	337										
Major Road Resurfacing	289	289										
Morningside Avenue/Finch Avenue Grade	315											
Operational Gridlock TPS	100	100										
Pole Replacement	(1,460)	(1,460)										
Safety and Operational Improvements	52											
Salt Management Program	141	141										
Signal Major Modifications	100											
Steeles/Kennedy Grade Separation	(5,600)	(2,800)										

5-Year Plan Proposed Changes (\$000) (cont'd)

Project / Sub-Project Name	2006		2007		2008		2009		2010		TOTAL 2011-2015	
	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources
	1	2	3	4	5	6	7	8	9	10	11	12
Street Lighting Asset Management	(2,620)	(2,700)										
Third Party Signals	400											
Traffic Calming	75	75										
Traffic Control - RESCU	1,025											
Traffic Plant Requirements/Signal Asset M	400	400										
Transit Priority	1,340											
We Are All Pedestrians	130	130										
Subtotal Previously Approved:	(10,351)	(14,963)	4,730	4,730	4,730	4,730	3,130	3,130				
New:												
Advanced Traffic Signal Control	800	200	525	(26)	675	168	675	168	665	166		1,731
Allen Expressway												5,712
Audible Signals	(95)	(95)	32	32	(8)	(8)	(7)	(7)	(27)	(27)		4,275
Backlog Priority Elimination Local Roads	4,500	4,500	2,000	2,000	11,000	11,000	17,000	17,000	30,000	30,000		
Backlog Priority Elimination Major Roads	5,377	5,377	2,377	2,377	12,779	12,779	18,101	18,101	32,768	32,768		
Bloor Dstreet Transformation												
City Bridge Rehabilitation	(10,400)	(10,400)	(5,650)	(5,650)	(5,400)	(5,400)	(5,600)	(5,600)	(4,050)	(4,050)		128,900
Cycling Infrastructure	(950)	(950)	(2,400)	(2,400)	(2,800)	(2,800)	(760)	(760)	(580)	(580)		29,890
Don Valley Parkway Rehabilitation			(1,210)	(1,210)								10,875
Dufferin Street (Finch to Steeles)												5,000
Dufferin Street Jog Elimination	6,000	4,080	(7,344)	(5,521)	15,671	10,970						
Ellesmere, Warden - Kennedy	1,750	875		1								
Emergency Preparedness - Traffic Plant	(450)	(450)	(275)	(275)	(250)	(250)	(25)	(25)				
Engineering Studies				2		3		2		3		4,147
Expressway Lighting	(400)	(400)	(1,300)	(1,300)	(1,180)	(1,180)	(1,380)	(1,380)	(1,580)	(1,580)	(11,160)	11,360
Facility Improvements	(400)	(400)	(1,800)	(1,800)	1,800	1,800						
Finch Ave. E / Kennedy Rd. Grade Separati												24,620
Gardiner from DVP to 427	(16,466)	(16,900)	(23,700)	(23,700)	(21,900)	(21,900)	(17,700)	(17,700)	(16,700)	(16,700)		115,100
Highway 27 (401-Steeles)	(2,000)	(2,000)	(2,000)	(2,000)								
Hydro Conversion	(1,000)	(1,000)	(900)	(900)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(5,100)	5,100
Keele/Wilson	1,000	500										

5-Year Plan Proposed Changes (\$000) (cont'd)

Project / Sub-Project Name	2006		2007		2008		2009		2010		TOTAL 2011-2015	
	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources
	1	2	3	4	5	6	7	8	9	10	11	12
Laneways												5,610
LED Signal Module Conversion	(4,617)	(4,617)	(4,770)	(4,770)	(4,730)	(4,730)	(473)	(473)			(10,000)	10,000
Local Road Reconstruction	(5,789)	(5,789)	(5,600)	(5,600)	(5,200)	(5,200)	(3,800)	(3,800)	(3,400)	(3,400)		117,300
Local Road Resurfacing	(6,686)	(6,686)	(7,000)	(7,000)	(6,400)	(6,400)	(5,800)	(5,800)	(5,200)	(5,200)		153,000
Major Road Reconstruction	(6,663)	(6,663)	(3,800)	(3,800)	(3,950)	(3,950)	(3,700)	(3,700)	(3,400)	(3,400)		84,150
Major Road Resurfacing	(6,377)	(6,377)	(6,500)	(6,500)	(6,000)	(6,000)	(5,500)	(5,500)	(5,000)	(5,000)		137,700
New Traffic Control Signals / Devices	(150)	(150)	(151)	(321)	(191)	(48)	(211)	(53)	(230)	(57)		4,581
Noise Walls	(1,000)	(1,000)	(927)	(927)	(1,164)	(1,164)	(983)	(983)	(1,123)	(1,123)	(5,593)	5,630
Oversized Street Name Signs	(323)	(323)	(67)	(67)	(180)	(180)	180	180	240	240		
Permanent Count Stations	(135)	(135)	185	185	50	50	50	50	50	50		10
Pole Replacement	(1,700)	(1,700)	(2,280)	(2,280)	(2,380)	(2,380)	(2,580)	(2,580)	(2,780)	(2,780)	(17,280)	17,480
Port Union Road								1,900				
Princess Gates	700	700										
Retaining Walls Rehabilitation	(1,050)	(1,050)										5,250
Safety and Operational Improvements										1		1,563
Salt Management Program			(69)	(69)	(304)	(304)	(261)	(261)	(220)	(220)		9,629
Scarlett/St Clair/Dundas	(1,100)	(1,100)	(5,690)	(5,690)	(170)	(170)	6,960	6,960				
Sheppard Ave. E / Kennedy Rd. Grade Sep									(18,000)	(18,000)		10,000
Sidewalks	(3,580)	(3,580)	(3,750)	(3,750)	(3,500)	(3,500)	(3,250)	(3,250)	(3,000)	(3,000)		71,400
Sign Replacement - Expressways	(225)	(225)	230	230	20	20	30	30	15	15		
Signal Major Modifications	(582)	(445)	(458)	(327)	(520)	(130)	(570)	(143)	(610)	(153)		4,098
St. Clair (Ph2: Tweedsmuir to Gunn's Rd.)		(2,400)										
Steeles Ave.E. (Beare Rd to Tapscott)					(7,150)	(7,150)	(350)	(350)				
Steeles Ave.W. (Hilda Ave to Bathurst St)	(350)	(350)										
Street Lighting Asset Management	(1,000)	(800)	(2,220)	(1,776)	(1,980)	(1,584)	(2,180)	(1,744)	(2,380)	(1,904)	(15,240)	12,352
Third Party Signals			(18)		(92)		(32)		(52)			
Third Party Street Lighting	(750)		(684)		(769)		(779)		(789)		(4,179)	
Traffic Calming												4,379
Traffic Control - RESCU	(2,467)	(617)	2,637	660	1,110	277	2,160	539	2,790	697		1,450

5-Year Plan Proposed Changes (\$000) (cont'd)

Project / Sub-Project Name	2006		2007		2008		2009		2010		TOTAL 2011-2015	
	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources
	1	2	3	4	5	6	7	8	9	10	11	12
Traffic Plant Req./Signal Asset Mgmt	(5,670)	(5,670)	90	90	(2,450)	(2,450)	(2,300)	(2,300)	(1,520)	(1,520)		38,760
Transit Priority			2		(16)		44		(40)			
Upgrades To Meet New ESA Req.	(340)	(340)	(430)	(430)	(830)	(830)	(780)	(780)	(750)	(750)		12,750
We Are All Pedestrians	(486)	(486)	181	181	(139)	(139)	(149)	(149)	(139)	(139)		3,108
UNSPECIFIED ADJUSTMENT TO GUID	(10,142)	(10,142)	(6,077)	(6,077)	(19,287)	(19,287)	900	900	10,370	10,370		
TBD			80	80	100	100	100	100	100	100		
Subtotal New:	(73,216)	(77,008)	(88,731)	(88,328)	(56,735)	(60,967)	(13,970)	(12,408)	4,428	3,827	(68,552)	1,056,910
Sub-Total Proposed Changes	(83,567)	(91,971)	(84,001)	(83,598)	(52,005)	(56,237)	(10,840)	(9,278)	4,428	3,827	(68,552)	1,056,910
Proposed 5-Yr. Cash Flow	259,514	167,454	251,646	185,000	292,904	205,000	295,807	225,000	313,593	245,000	1,570,897	2,321,621
Debt Guideline		165,000		185,000		205,000		225,000		245,000		
Variance To Debt Guideline		2,454										

Note that the \$2.454 million in 2006 represents the debt portion of carry forward funding from 2005 into 2006.

Capacity

Transportation Services' projected spending of \$251.821 million is 87% of the 2005 Approved Budget. The total under-expenditure of \$37 million is within normal limits based on historical program performance. To date, an estimated carry forward funding from 2005 into 2006 of \$12 million has been submitted. This carry forward would normally be in the \$30 to \$50 million range and would be equivalent to an 80% spending rate. This spending rate represents an improvement over the 54% achieved for 2004. The Program is being requested to update data carry forward funding requirements based on actual/projected spending capacity.

Backlog of Projects – Unmet Need

The main focus of the capital budget is on-going state of good repair projects for major and local roads, bridge infrastructure and expressways. In addition, there are site specific initiatives such as the Steeles/Kennedy and Morningside grade separations, Ellesmere Avenue Widening, Bloor Street Transformation and St Clair Transit Improvements. Due to recent years' funding constraints, there is already a backlog of State of Good Repair work related to the on-going maintenance program currently estimated at \$235 million. While the Program is managing its many big project challenges within funding constraints, the Program's focus is to ensure cash flow is approved only for those projects ready to proceed.

The current plan represents what can be accomplished in terms of cash flow spending given the constraints of budget and project scheduling. The backlog of projects or unmet need is being addressed by increasing the debt guidelines by \$20 million annually within the Revised 5-Year Plan.

The current SOGR backlog is estimated to be \$235 million, this SOGR backlog is estimated to be \$329 million by the end of 2006. Within the plan for 2007-2015, the backlog is scheduled to be gradually decreased. As shown in the table above, approximately \$240 million will be added in the first 5 years alone on a total program basis. Unless other funding sources are realized, the cumulative effect of adhering to the current debt affordability guideline would be to increase the existing backlog, however, the proposed debt level is a measure seeking a balance between affordability and recognized requirements.

Given the current fiscal constraints on debt affordability, Transportation Services capital program cannot be completely funded. This delay in capital funding will result in higher operating (maintenance) costs in the short term and over time, State of Good Repair issues may become Health & Safety issues. In terms of unmet needs, then, there is a gap between what is being provided in terms of financing and what is needed to eliminate the backlog and to prevent its growth.

Development Charge Funding

The five and ten year plan for the Transportation Services Capital program includes Development Charge funding dedicated to the Growth related projects. The Revised 10-Year Capital Program includes \$263.1 million or 43% for these projects to be funded through Development Charge Reserves. The 5-Year Revised Plan incorporates 71% of this funding. This funding has been maximized to the extent of the bylaw. At issue are the short term balances, e.g. in the DC Roads Reserve fund, that may be inadequate to provide required funding in 2006. This is currently under review with Accounting Services. *(See Appendix 4)*

St Clair Dedicated Street Car Line

In October 2004, Council approved Clause 1 of Policy & Finance Report 7 entitled “St Clair Avenue West Transit Improvement Environmental Assessment” which authorized expenditures totalling \$47.928 million gross and \$47.728 million in debt for Phase 1 and Phase 2 of the St Clair Dedicated Street Car Line.

- Transportation Services was therein recommended to spend \$2.4 million gross and net on related major road reconstruction.
- On September 14, 2005 Works Committee awarded one of two tenders for Phase 1 of the project. One tender has been referred back to staff to be revised and reissued. The total of these tenders was \$12.576 million. Included in this amount was \$2.4 million in major road reconstruction that while originally budgeted as \$0.800 million in 2005 and \$1.6 million in 2006, was reallocated to be totally cash flowed in 2005.
- This amount of \$2.4 million is the currently established contribution of Transportation Services to this project. The balance of \$10.176 million, while contained within Transportation’s capital project entitled Various Construction projects, is fully recoverable from the TTC. The recent report from the TTC indicates that this amount should be \$3.9 million which infers a difference of \$1.5 million not to be recovered from the TTC. If necessary this will have to be absorbed within the 2006 Capital program for Transportation.
- Transportation has submitted the 2006 Capital request with a separately identified project for Phase 2 of the St. Clair in the amount of \$31,950 which represents the remaining 2/3 of the capital work from Tweedsmuir Avenue to Gunn’s Road.
- The total scheduled to date is therefore \$44.526 million, with most of the balance of the authorized expenditures of \$47.928 million related to the BIA and City Planning. In the original report on the project it was estimated that the whole transit improvement project for St. Clair would range from \$55 million to \$65 million not including the cost of land acquisitions estimated at \$5 to \$6 million.
- The \$65 million total has recently been confirmed as approximating the expected actual project cost.
- At issue is the remaining approximately \$20 million in estimated costs that have been confirmed but yet to be scheduled or budgeted as part of Transportation Services. As part of this amount, it has been recently identified that decorative street lighting, full reconstruction of recently new road surfaces and sidewalks promised to the area residents has not been budgeted. However as part of the build-up to the project this item is going to need to be budgeted in order to issue the tender in time for construction. This amount represents an immediate pressure to the City.
- It is a recommended that the Transportation Services and the TTC report back to Budget Advisory Committee in 2006, pending the outcome of the recent court proceedings, on the total project cost and resultant cash flows.

Storm Damages of August 19, 2005

On August 19, 2005 Toronto experienced a heavy rain storm with accumulations of up to 153 mm or 6 inches. The result was major damage to transportation infrastructure. The sites and estimated costs are tabled below. The cost of these emergency repairs is currently unfunded within the scope of the 2005 Approved Capital Budget. The repairs are urgent and a priority for the Program to complete. In the absence of alternative funding, the Program has reallocated resources and funding in order to cover the necessary repairs. This funding has been sourced from 2004 approved cash flows for completed major road work, bridge rehabilitation and traffic control projects.

Site	Capital	Estimated Current Costs \$M	
Steeles Ave. east of Markham Rd Military Trail	Minor Repairs	0.528	
Finch Avenue West	Leased Bridge	0.330	
	Repair of Slope	0.390	
	Consultants	0.200	
	Fencing	0.100	
Total		<u>1.548</u>	
Finch Avenue West	Reconstruction	<u>3.000</u>	Ranges between \$2.5 and \$3.0 million
Total Projected Cost		<u><u>4.548</u></u>	

The above represents estimated costs as of September 30th. On-going actual costs will be evaluated and reported as the repair project proceeds.

Note : A report dated November 1, 2005 from the General Manager Transportation Services entitled “Finch Avenue West Culvert Replacement at Black Creek , West of Keele Street Ward 8 –(York West)” going to Works Committee on November 8, 2005, quotes the current estimated costs for Finch Avenue West at \$3.555 million.

Princes’ Gates Area Revitalization Project

The Princes’ Gates Area Revitalization Project surrounds a Toronto/Milan initiative that is part of the City's International Alliance Program.

The Princes’ Gates location was selected as one that would represent a symbol of the twinning of the two cities. The concept was to formalize the relationship between Toronto and Milan by initiating a design competition that would bring together designers from both cities to propose enhancements to the commemorative open space in front of the Princes’ Gates at Exhibition Place. The location is one of the key focal points of the Waterfront Revitalization Program. Nearly 5.2 million tourists visit the location on an annual basis.

The \$1.950 million inter-program project involves 3 participating programs: Culture, Transportation and Exhibition Place. The proposed capital funding included in their respective 2006 Capital Budgets are:

- Culture: \$0.850 million gross, comprised of \$0.300 million debt and \$0.550 million from fund raising, for competition/design costs and construction of the piazza;
- Transportation: \$0.700 million gross, funded from debt, for road realignment at Lakeshore Boulevard and Strachan Avenue; and
- Exhibition Place: \$0.400 million gross, funded from debt, for landscaping the vicinity of Princes' Gates.

Issues Referred to 2006 Capital Budget

-None

Outstanding Issues from Prior Years

-None

Appendix 1
2006 Proposed Capital Budget
and
2007 to 2015 Revised Program

Appendix 2
2006 Proposed Capital Budget
& Future Years Commitments

Appendix 3
2006 Proposed Capital Project
with Financing Details

Appendix 4 Reserve / Reserve Fund Review

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Balance as of Sep 30	Proposed Withdrawals			
			2006	2007	2008	2009 & Beyond
DC Res. Fund -North York (XR2010)	TRN000189 North Yonge Centre Acquisition	\$10,732	\$4,000	\$7,290	\$2,200	\$30,440
DC Res. Fund -North York (XR2010)	TRN906355 North Yonge Centre Construction	(See above)	\$3,000	\$2,050	\$7,290	
DC Res. Fund -North York (XR2010)	Subtotal	\$10,732	\$7,000	\$9,340	\$9,490	\$30,440
DC Res. Fund- Roads (XR2024)	TRN000001 Signal Major Modifications		\$1,674	\$1,941	\$2,017	\$16,476
DC Res. Fund- Roads (XR2024)	TRN000173 Street Lighting Asset Mgmt		\$200	\$444	\$396	\$3,960
DC Res. Fund- Roads (XR2024)	TRN000184 Growth Related Capital Works		\$2,000	\$6,500	\$29,400	\$134,800
DC Res. Fund- Roads (XR2024)	TRN000186 Ellesmere - Warden-Kennedy		\$1,625	\$1,818		
DC Res. Fund- Roads (XR2024)	TRN000465 Leslie-Sheppard		\$600			
DC Res. Fund- Roads (XR2024)	TRN031 New traffic Control Signals		\$1,957	\$2,235	\$2,303	\$18,468
DC Res. Fund- Roads (XR2024)	TRN035 Advanced Traffic Signal Control		\$675	\$783	\$820	\$6,905
DC Res. Fund- Roads (XR2024)	TRN036 Traffic Control RESCU		\$2,362	\$2,288	\$1,912	\$6,261
DC Res. Fund- Roads (XR2024)	TRN077 Dufferin Jog Elimination		\$4,570	\$2,504		
DC Res. Fund- Roads (XR2024)	TRN160 Eng. Studies		\$400	\$373	\$468	\$3,066
DC Res. Fund- Roads (XR2024)	TRN355 Steeles/Kennedy Grade Separation		\$3,300	\$4,800	\$5,000	\$2,800
DC Res. Fund- Roads (XR2024)	TRN380 Safety & Operational Improvements		\$250	\$232	\$291	\$2,084
DC Res. Fund- Roads (XR2024)	TRN814 Construction of Underpass Railway Lands		\$2,300	\$5,200	\$7,500	
DC Res. Fund- Roads (XR2024)	TRN906071 Port Union Road					\$1,900
DC Res. Fund- Roads (XR2024)	TRN906319 Milner Connector		\$1,000	\$900		
DC Res. Fund- Roads (XR2024)	TRN906383 Morningside Finch Grade Separation		\$5,325	\$3,750		
DC Res. Fund- Roads (XR2024)	TRN906661 Leaside Bridge		\$3,600	\$295		
DC Res. Fund- Roads (XR2024)	Subtotal	\$0	\$31,838	\$34,063	\$50,107	\$196,720
Road Enhancement Res. Fund (XR1401)	TRN906073 Street Tree Planting	\$1,873	\$900	\$834	\$1,048	\$6,991
Total Reserve / Reserve Fund		\$12,605	\$39,738	\$44,237	\$60,645	\$234,151

Note: 2006 Development Charge funding is to be approved subject to funds being available in the Development Charge Reserve Accounts.