

Analyst Briefing Notes
Budget Committee Review
(February 8, 2007)

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PART I: CAPITAL PROGRAM

Executive Summary

- The 2006 Approved Capital Budget of \$15.882 million was 38% spent as at September 30, 2006. Actual expenditures by year-end are projected to be \$11.316 million, or 71% of the 2006 Approved Budget, resulting in 2006 cash flow funding of \$4.164 million to be carried forward into 2007. The projected under expenditure is primarily attributed to delays in finalizing lease agreements on the Guild Inn and the John Street Roundhouse, scheduling construction around theatre operations, and delays in Environmental approvals, design, and issuing of permits.
- The 2007 Recommended Capital Budget, 2008 to 2011 Plan, and 2012 to 2016 estimates total \$168.176 million, of which \$63.514 million is projected for the Program's 5-Year Capital Plan, requiring debt funding of \$42.947 million, exceeding the 2007 debt affordability target by \$0.489 million, while meeting the subsequent years targets. The average debt funding is \$8.589 million per year. The Economic Development, Culture and Tourism Capital Program consists of six main project types: State of Good Repair, Casa Loma restoration, Guild Inn revitalization, the St. Lawrence Arts Centre project, BIA Projects and Canada's Walk of Fame.
- The 2007 Recommended Capital Budget including previously approved commitments requires new 2007 cash flow of \$14.190 million gross with debt funding of \$8.594 million. This cash flow combined with carry forward funding of \$4.164 million for 2006 projects brings the total 2007 Recommended Capital Budget to \$18.354 million gross, of which \$11.212 million is funded by debt. Excluding carry forward funding, the 2007 Recommended Capital Budget requires \$8.594 million in debt, exceeding the 2007 debt affordability target by \$0.489 million.
- 55% of the 2007 recommended new cash flow is allocated to State-of-Good-Repair projects at \$7.788 million, 28% or \$4.035 million is allocated to Health and Safety projects (Casa Loma \$3.1 million), and 15% to Service Improvement projects for a total of \$2.167 million (\$1.217 million in Commercial Façade Improvement Program and \$0.500 million in the Canada's Walk of Fame project).
- The state of good repair backlog was estimated to be \$69.0 million in the summer of 2006 and is estimated to be \$74.288 million by 2011, an 8% increase over 5 years, given the SOGR funding in the 2007 Recommended Capital Budget.
- The 2007 Recommended Capital Budget includes funding for:
 - ⇒ Casa Loma Exterior Restructuring requiring \$4.113 million in 2007 with 44% debt funding of \$1.813 million for work to be done on the southeast corner.
 - ⇒ Don Valley Brickworks requiring \$0.880 million in 2007 funded by debt will allow for the adaptive reuse of the heritage buildings.

- ⇒ St Lawrence Centre for the Arts Renewal project requiring \$1.065 million in 2007, funded by debt will complete work on the entrance vestibule and to refurbish upper and lower lobbies and both theatres.
- ⇒ 2007 BIA Streetscape Improvement Program at a total cost of \$5.010 million, 50/50 cost-shared with BIAs, requiring debt funding of \$2.516 million which will improve the appearance and physical conditions of public open spaces along retail streets. An increase of \$0.978 million gross, \$0.489 million debt above the debt target has been allocated to the program to address the 2007 demand for BIA streetscape improvements.
- The General Manager of EDCT is requested to review the eligibility guidelines and the procedures for reviewing and approving requests for the BIA Streetscape Improvement Program, the Commercial Façade Improvement Program and the Employment Revitalization Program, and report back by June, 2007, on a strategy for managing the growing unfunded demand for the three capital programs within debt affordability limits.
- Tourism has been delayed in finalizing the agreement with the Canadian Walk of Fame for the scope and management of Phase 2 of the Canadian Walk of Fame Development project. The 2007 Capital Budget includes \$0.300 million gross, \$0.150 million net in unspent funds carried forward from 2006 and \$0.500 million gross, \$0.250 million net for the 2007 completion phase of the project. The General Manager of EDCT will report to Budget Committee on the status of the Walk of Fame Project before the end of the 2007 Capital review process.

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. the 2007 Recommended Capital Budget for Economic Development, Culture and Tourism with a total project cost of \$11.528 million and a 2007 cash flow of \$18.354 million and future year commitments of \$2.499 million be approved. The 2007 Recommended Capital Budget consists of the following:
 - a) New Cash Flow Funding for:
 - i) 19 new sub-projects with a 2007 total project cost of \$11.528 million that requires cash flow of \$9.211 million in 2007 and a future year commitment of \$2.317 million in 2008;
 - ii) 20 previously approved sub-projects with a 2007 cash flow of \$4.979 million and a future year commitment of \$0.182 million in 2008;
 - iii) 2007 approved cash flow for 29 previously approved sub-projects with carry forward funding from 2006 into 2007 totalling \$4.164 million;
2. new debt service costs of \$0.258 million in 2007 and incremental costs of \$1.004 million in 2008 and \$0.215 million in 2009 resulting from the approval of the 2007 Recommended Capital Budget, be approved for inclusion in the 2007 and future year operating budgets;
3. the 2008-2011 Capital Plan for Economic Development, Culture and Tourism totalling \$45.160 million in project commitments and estimates, comprised of \$9.799 million in 2008; \$12.440 million in 2009; \$11.986 million in 2010; and \$10.935 million in 2011, be approved; and
4. the General Manager of EDCT review the eligibility guidelines and the procedures for reviewing and approving requests for the BIA Streetscape Improvement Program, the Commercial Façade Improvement Program and the Employment Revitalization Program, and report back by June, 2007, on a strategy for managing the growing unfunded demand for the three capital programs within debt affordability limits.

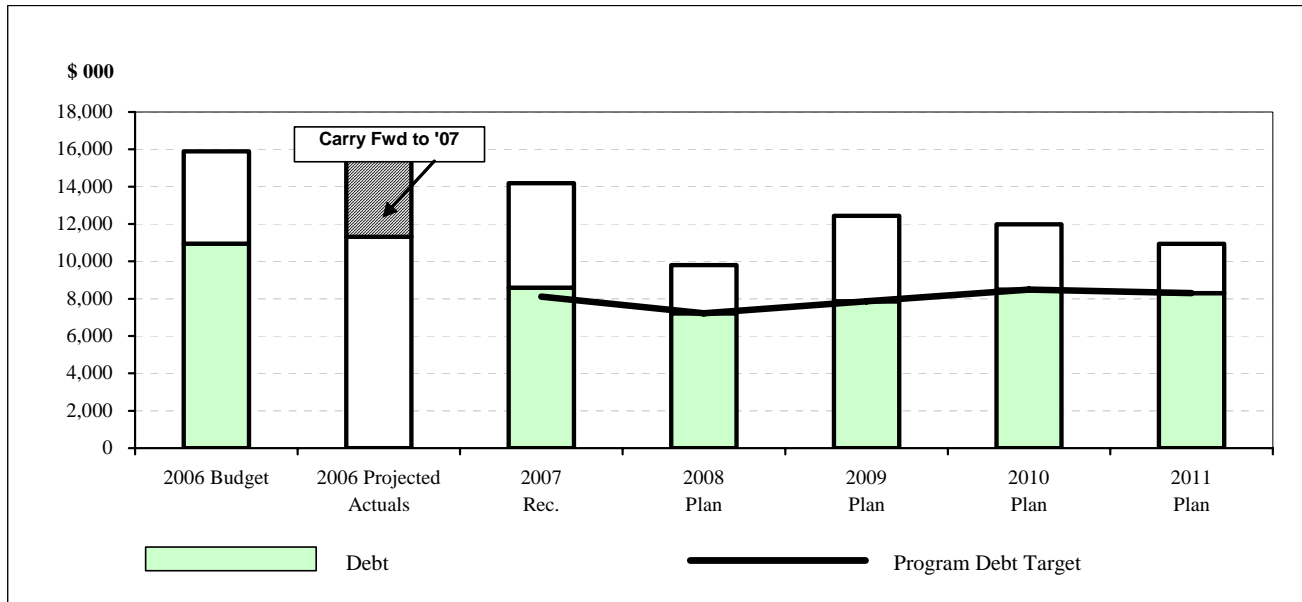
2006 Capital Variance Review

2006 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2006 Approved	Actuals as of Sept 30 (3rd Qtr Variance)		Projected Actuals at Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
15,882	6,098	38	11,316	71	4,566

Comments / Issues:

- Economic Development, Culture and Tourism spent \$6.098 million or 38% of its 2006 approved cash flow of \$15.882 million, and is projecting to spend \$11.316 million or 71% by year-end. Year to date under-spending is mainly attributed to delays in finalizing 2 lease agreements for the Guild Revitalization (\$0.635 million) and the John Street Roundhouse projects (\$0.300 million) and delays in scheduling the St. Lawrence Centre for the Arts Renewal project (\$0.630 million) around theatre operations. In addition, Council approved the reallocation of \$0.700 million from the Guild Revitalization project to the Don Valley Brickworks project which is expected to be completed in 2007. The environmental assessment on the Brickworks is not yet complete, resulting in carry forward funding of \$0.780 million into 2007. The Guild Inn Revitalization project is pending an agreement with a private sector partner for future operations.
- Economic Development Culture and Tourism increased its spending performance to 71% from 67% achieved in 2005. Culture received approval for two additional staff to provide capital project management in 2005. After a delayed hiring process, these Project Coordinators began work in the last quarter of 2006. It is expected that future spending rates will be higher as a result of these changes.
- \$4.164 million carry in forward funding is included in the 2007 Recommended Capital Budget which is \$0.300 million more then reported in the 3rd quarter variance report as a result of the delay in starting Phase 2 of the Canadian Walk of Fame. Minor adjustments to carry forward funding, if required, will be reported during the Budget Committee’s review of the 2007 Recommended Capital Budget.

5-Year Capital Plan (2007-2011)



	2006		5-Year Plan					2007-2011
	Budget	Projected Actual	2007 Rec.	2008	2009	2010	2011	
Gross Expenditures:								
Capital Budget & Future Year Commitments	15,882	11,316	14,190	2,499				16,689
New Plan Estimates				7,300	12,440	11,986	10,935	42,661
1-Year Carry Forward to 2007		4,164						
Total Gross Annual Expenditures & Plan	15,882	15,480	14,190	9,799	12,440	11,986	10,935	59,350
Program Debt Target	10,949		8,105	7,228	7,869	8,488	8,300	39,990
Financing:								
Recommended Debt	10,949		8,594	7,228	7,869	8,488	8,300	40,479
Other Financing Sources:								
Reserves/Reserve Funds	998		2,800	525	1,525	1,025	950	6,825
Development Charges								0
Federal				115	150	500		765
Provincial				115	575			690
Other Revenue	3,935		2,796	1,816	2,321	1,973	1,685	10,591
Total Financing	15,882		14,190	9,799	12,440	11,986	10,935	59,350
By Category:								
Health & Safety	1,914		4,035	1,075	2,375	1,075	900	9,460
Legislative	132		0	50	50	50	50	200
SOGR	10,425		7,788	5,736	5,710	6,726	6,780	32,740
Service Improvement	2,880		2,167	2,288	3,355	3,835	2,905	14,550
Growth Related	531		200	650	950	300	300	2,400
Total By Category	15,882		14,190	9,799	12,440	11,986	10,935	59,350
Yearly SOGR Backlog Estimate (not addressed by current plan)			(1,000)	3,125	662	1,384	1,117	5,288
Accumulated Backlog Estimate (end of year)		69,000	68,000	71,125	71,787	73,171	74,288	74,288
Operating Impact on Program Costs								
Debt Service Costs			258	1,262	1,476	1,476	1,476	5,948

* Note that the 1-Year Carry Forward reflects the latest estimate as used in the 2006 3rd Quarter Capital Variance Report.

5-Year Capital Plan Overview

Overview

The 5-Year Plan for Economic Development, Culture and Tourism for 2007-2011 merges three former City Programs: Economic Development, Culture, and Tourism capital budgets. The budgets for these three City Programs were approved separately in 2006 and merged into one Program for 2007, as mandated in the City's 2005 administrative reorganization.

The 2007 Culture Capital Program consists of four main projects:

- **State of Good Repair**

State of Good Repair projects for facilities that form the core of the Culture portfolio are Culture's priority within the Revised 5-Year Capital Plan for which \$14.399 million or 38% has been allocated. The core State of Good Repair program includes 26 projects that address the requirements for the 69 heritage and cultural facilities under the stewardship of Culture (comprising more than 100 buildings). These projects are at sites such as Fort York, Spadina House, the St. Lawrence Centre for the Arts, and Todmorden Mills.

- **Casa Loma restoration**

Funds for Casa Loma Restoration in the 2007-2011, 5-Year Capital Plan include \$3.100 million for 2007, \$1.000 million for 2008, \$2.300 million for 2009, \$1.000 million for 2010 and \$0.800 for 2011 for a total cash flow of \$8.200. The 2012-2017 capital forecast includes a total cash flow of \$13.400 million. Once the Casa Loma Restoration is completed, by 2012, the exterior of the building should not require significant repairs for 60 years with routine maintenance. Staff will report back in 2007 on a recommended operating and governance model for Casa Loma and are proposing that the operation will fund routine exterior maintenance.

- **Guild Inn Restoration**

The 2007-2011 Capital Plan includes cash flow for the Guild Inn Revitalization of \$0.050 million for 2008, \$1.825 million for 2009, \$1.350 million for 2010 and \$2.100 million for 2011 for a total cash flow of \$5.325 million. The 2012-2017 capital forecast includes a total cash flow of \$1.250 million. The agreement between the City and the proponent selected to operate the Guild Inn has not yet been signed. As part of this development, the City will be required to invest up to \$7.5 million in the cultural precinct on the site. Staff will report back on the timing of the construction of the cultural precinct plan when reporting on the lease agreement with the private sector proponent in the coming year.

- **St Lawrence Arts Centre**

Funds for the St. Lawrence Centre for the Arts Renewal project in the 5-Year Capital Plan include \$1.065 million for 2007. The St. Lawrence Centre will contribute \$1.065 million for completion of the project started in 2006, to update the appearance and public amenities of the building. Phase 1 concentrated on components to the Centre's façade, entrance vestibule and marquee. Phase 2 will refurbish upper and lower lobbies and the two theatres with completion planned for early fall 2007.

2007-2016 Capital Program Economic Development, Culture and Tourism

The Economic Development Capital Program consists of three components:

- BIA Streetscape Program

The 2007 Recommended Capital Budget for the BIA Streetscape program is \$5.010 million gross, \$2.516 million net representing 58% of the total recommended Economic Development capital funding. The Recommended 2007 Capital Budget represents a 20% increase from the 2006 level. Streetscape Improvement recommended sub-projects are presented in the following Table.

BIA Streetscape Improvement Program							
BIA	WARD	STATUS	PROJECT DESCRIPTION	CASH FLOW			
				2007		2008	
				Gross	Net	Gross	Net
Albion-Islington ¹	1	2007 New	Cavalcade of Lights.	50,000	25,000		0
		Sub-Total		50,000	25,000	0	0
Beaches	32	2007 New	Street Signs, Planters.	36,000	18,000		0
		Sub-Total		36,000	18,000	0	0
Bloor Annex	20	2007 New	Benches.	10,000	5,000		0
		Sub-Total		10,000	5,000	0	0
Bloor by the Park	14	2007 New	Cavalcade of Lights.	20,000	10,000		0
		Sub-Total		20,000	10,000	0	0
Bloor West Village	13	2006 Carry Forward	Solar Powered Tree Lights.	219,000	109,500		0
		2007 New	Gas Lights, Cavalcade of Lights, Banners, Benches.	300,000	150,000		0
		Sub-Total		519,000	259,500	0	0
Bloor-Yorkville	20,27	2007 New	Cavalcade of Lights, Granite Logos and Pavers, Pedestrian Lighting, Street Signs.	214,000	107,000		0
		Sub-Total		214,000	107,000	0	0
Bloorcourt Village	18, 19	2007 New	Banners, Tree Lighting.	20,000	10,000		0
		Sub-Total		20,000	10,000	0	0
Bloordale Village	18	2007 New	Sidewalk Repairs, Planters.	10,000	5,000		0
		Sub-Total		10,000	5,000	0	0
Chinatown ¹	20	2007 New	Signage, Cavalcade of Lights.	133,000	66,500		0
		Sub-Total		133,000	66,500	0	0
Church-Wellesley Village	27	2007 New	Banners.	7,000	3,500		0
		Sub-Total		7,000	3,500	0	0
Corso Italia	17	2007 Previously Approved	TTC ROW Reconstruction.	33,000	16,500		0
		2007 Previously Approved	TTC ROW Reconstruction.	17,000	8,500		0
		2007 Previously Approved	TTC ROW Reconstruction.	50,000	25,000	12,000	6,000
		2007 Previously Approved	TTC ROW Reconstruction.	0	0	116,000	58,000
		2007 Previously Approved	TTC ROW Reconstruction.	0	0	54,000	27,000
		2007 New	Benches, Tree Lighting.	0	0	262,000	131,000
Sub-Total				100,000	50,000	444,000	222,000
The Danforth	29, 30	2007 New	Street Signs, Planters, Benches.	82,000	41,000		0
		Sub-Total		82,000	41,000	0	0
Danforth Village ¹	31, 32	2007 New	Banners, Street Signs, Planters.	50,000	25,000		0
		Sub-Total		0	0	0	0
Downtown Yonge	27, 28	2007 Previously Approved	Branded Traffic Poles, Decorative Street Lighting, Cavalcade of Lights.	600,000	300,000		0
		Sub-Total		600,000	300,000	0	0
Dundas West ¹	18	2007 New	Banners.	7,000	3,500		0
		Sub-Total		7,000	3,500	0	0
The Eglinton Way	16, 22	2007 New	Gateway at Chaplin & Eglinton.	120,000	60,000		0
		Sub-Total		120,000	60,000	0	0

continued

2007-2016 Capital Program Economic Development, Culture and Tourism

BIA Streetscape Improvement Program							
BIA	WARD	STATUS	PROJECT DESCRIPTION	CASH FLOW			
				2007		2008	
				Gross	Net	Gross	Net
Emery Village	7	2006 Carry Forward	Highway and Gateway Signage.	220,000	110,000		0
		2007 New	Streetscape Improvements at Weston & Sheppard. ²	600,000	300,000	582,000	291,000
		Sub-Total		820,000	410,000	582,000	291,000
Forest Hill Village	21, 22	2007 New	Streetscape Improvements.	120,000	60,000		0
		Sub-Total		120,000	60,000	0	0
Gerrard India Bazaar	30	2007 New	Art for New Library Stage.	40,000	20,000		0
		Sub-Total		40,000	20,000	0	0
Hillcrest Village	21	2007 New	Pedestrian Lighting Conduit. ²	22,000	11,000		0
		Sub-Total		22,000	11,000	0	0
Junction	13, 14	2007 New	No new funding required.	0	0		0
		Sub-Total		0	0	0	0
Kennedy Road	37, 40	2007 New	Boulevard Improvements. ²	210,000	105,000		0
		Sub-Total		210,000	105,000	0	0
The Kingsway	5	2007 New	Benches, Flags, Cavalcade of Lights.	75,000	37,500		0
		Sub-Total		75,000	37,500	0	0
Lakeshore Village	6	2007 New	Benches, Engineering Services.	20,000	10,000		0
		Sub-Total		20,000	10,000	0	0
Liberty Village	14, 19	2007 New	King & Atlantic Gateway.	50,000	25,000		0
		Sub-Total		50,000	25,000	0	0
Little Italy	19	2007 New	Capital Improvements in Expansion Area.	150,000	75,000		0
		Sub-Total		150,000	75,000	0	0
Long Branch Village	6	2007 New	Banners.	20,000	10,000		0
		Sub-Total		20,000	10,000	0	0
Mimico by the Lake	6	2007 New	Street Landscaping.	40,000	20,000		0
		Sub-Total		40,000	20,000	0	0
Mimico Village	6	2007 New	Banners, Benches.	7,000	3,500		0
		Sub-Total		7,000	3,500	0	0
Mirvish Village	19	2007 New	Street Signs.	10,000	5,000		0
		Sub-Total		10,000	5,000	0	0
Mount Dennis	11	2007 New	Banner Replacement.	12,000	6,000		0
		Sub-Total		12,000	6,000	0	0
Pape Village	29	2007 New	Benches, Planters	40,000	20,000		0
		Sub-Total		40,000	20,000	0	0
Queens Quay Harbourfront	20, 28	2007 New	Banners, Cavalcade of Lights.	75,000	37,500		0
		Sub-Total		75,000	37,500	0	0
Rosedale Main Street	22, 27	2006 Carry Forward	Planters.	414,000	207,000		0
		2007 New	Cavalcade of Lights.	70,000	35,000		0
		Sub-Total		484,000	242,000	0	0
Sheppard East ¹	41, 42	2007 New	Street Tree Planting, Boulevard Landscaping.	50,000	25,000		0
		Sub-Total		50,000	25,000	0	0
St. Clair Avenue West	17	2007 Previously Approved	Public Art.	5,000	2,500		0
		Sub-Total		5,000	2,500	0	0
St. Clair Gardens	17	2007 Previously Approved	TTC ROW Reconstruction.	10,000	5,000	58,000	29,000
		2007 Previously Approved	TTC ROW Reconstruction.	0	0	12,000	6,000
		Sub-Total		10,000	5,000	70,000	35,000
St. Lawrence Market Neighbourhood	28	2007 New	Banners, Cavalcade of Lights, Heritage Lights, Hanging Baskets in Expansion Area.	105,000	52,500		0
		Sub-Total		105,000	52,500	0	0
Upper Village	21	2007 New	Tree Lighting, Street Lighting.	30,000	15,000		0
		Sub-Total		30,000	15,000	0	0
Village of Islington	5	2006 Carry Forward	Streetscape Improvements.	20,000	0		0
		2007 Previously Approved	Streetscape Improvements.	180,000	0		0
		Sub-Total		200,000	0	0	0

continued

2007-2016 Capital Program Economic Development, Culture and Tourism

BIA Streetscape Improvement Program							
BIA	WARD	STATUS	PROJECT DESCRIPTION	CASH FLOW			
				2007		2008	
				Gross	Net	Gross	Net
West Queen West	18, 19	2007 New	Street Signs.	20,000	10,000		0
		Sub-Total		20,000	10,000	0	0
Weston Village	11	2007 New	Banners, Decorative Bases for Pedestrian Lighting.	28,000	14,000		0
		Sub-Total		28,000	14,000	0	0
Wexford Heights	37	2007 New	Public Square in Connection with TPA Project.	50,000	25,000		0
		Sub-Total		50,000	25,000	0	0
Wychwood Heights	17	2007 Previously Approved	Conduit for Pedestrian Lights. ²	45,000	22,500		0
		Sub-Total		45,000	22,500	0	0
Yonge Lawrence Village	16, 25	2007 New	Cavalcade of Lights.	71,000	35,500		0
		Sub-Total		71,000	35,500	0	0
Project Management		2007 New		223,000	223,000	0	0
Totals		2006 Carry Forward	Does Not Apply to Target	873,000	426,500	0	0
		2007 Previously Approved	Applies to Target	940,000	380,000	252,000	126,000
		2007 New	Applies to Target	3,197,000	1,710,000	844,000	422,000
		Total		5,010,000	2,516,500	1,096,000	548,000

Notes:

1 New BIA established in 2006.

2 Project is tied to Works & Emergency Services scheduled maintenance.

- Employment Revitalization Program

The 2007 Recommended Capital Budget for the Employment Revitalization program is \$0.920 million gross, \$0.595 net or 14% of the total recommended Economic Development gross cash flow funding. The net recommended funding of \$0.595 net represents a 21% decrease from the 2006 approved funding level. Employment Revitalization recommended sub-projects are presented in the following Table.

Employment Revitalization Program							
ERA	WARD	STATUS	PROJECT DESCRIPTION	CASH FLOW			
				2007		2008	
				Gross	Net	Gross	Net
Bermondsey	31, 34	2007 New	No new request.	0	0		0
		Sub-Total		0	0	0	0
Leaside Economic Revitalization Initiative	26	2007 Previously Approved	Brentcliffe/Eglinton Gateway. ¹	50,000	50,000		0
		2007 New	Brentcliffe/Eglinton Gateway. ¹	35,000	35,000		0
		Sub-Total		85,000	85,000	0	0
South Riverdale Revitalization Project	30	2007 Previously Approved	East Chinatown Pavillion.	650,000	325,000		0
		Sub-Total		650,000	650,000	0	0
St. Clair Avenue West (SWRC)	17	2006 Carry Forward	Streetscape Improvements.	59,000	59,000		0
		2007 New	Streetscape Improvements.	15,000	15,000		0
		Sub-Total		74,000	74,000	0	0
Mural Program	ALL	2007 Previously Approved	Wall Murals.	50,000	50,000		0
		2007 New	Wall Murals.	35,000	35,000		0
		Sub-Total		85,000	85,000	0	0
Project Management		2007 New		26,000	26,000	0	0
Totals		2005 & Prior Carry Forward	Applies to Target	0	0	0	0
		2006 Carry Forward	Does Not Apply to Target	59,000	59,000	0	0
		2007 Previously Approved	Applies to Target	750,000	425,000	0	0
		2007 New	Applies to Target	111,000	111,000	0	0
		Total		920,000	595,000	0	0

2007-2016 Capital Program Economic Development, Culture and Tourism

- Commercial Façade Improvement Program.

The 2007 Recommended Capital Budget for the Commercial Façade Improvement Program is \$1.217 million gross and net representing 28% of the total recommended Economic Development cash flow funding. The recommended funding of \$0.464 million for new projects represents an 18% decrease from the 2006 approved funding level. Commercial Façade Improvement recommended sub-projects are presented in the Table below.

Facade Improvement Program							
AREA	WARD	STATUS	PROJECT DESCRIPTION	CASH FLOW			
				2007		2008	
				Gross	Net	Gross	Net
BIA Façade Improvement Program	VAR	2007 Previously Approved	Available to BIAs established for 5 years or more that have	390,000	390,000		0
		2007 New		260,000	260,000	528,000	528,000
		Sub-Total		650,000	650,000	528,000	528,000
Cliffside Village ¹	36	2007 Previously Approved	Year 2 of the Program.	45,000	45,000		0
		2007 New	Year 3 of the Program.	30,000	30,000	45,000	45,000
		Sub-Total		75,000	75,000	45,000	45,000
Kensington ²	20	2007 Previously Approved	Year 3 of the Program.	45,000	45,000		0
		Sub-Total		45,000	45,000	0	0
Queen/Broadview (Riverside) ²	30	2007 Previously Approved	Year 5 of the Program.	48,000	48,000		0
		Sub-Total		48,000	48,000	0	0
South Etobicoke ²	6	2007 Previously Approved	Year 7 of the Program.	45,000	45,000		0
		Sub-Total		45,000	45,000	0	0
St. Clair Avenue West (SWRC)	17	2007 Previously Approved	Year 4 of the Program.	90,000	90,000		0
		2007 New	Year 5 of the Program.	60,000	60,000	90,000	90,000
		Sub-Total		150,000	150,000	90,000	90,000
St. Clair Avenue West	11, 21	2007 Previously Approved	Year 2 of the Program.	90,000	90,000		0
		2007 New	Year 3 of the Program.	60,000	60,000	90,000	90,000
		Sub-Total		150,000	150,000	90,000	90,000
Project Management		2007 New		54,000	54,000	0	0
Totals		2005 & Prior Carry Forward	Applies to Target	0	0	0	0
		2006 Carry Forward	Does Not Apply to Target	0	0	0	0
		2007 Previously Approved	Applies to Target	753,000	753,000	0	0
		2007 New	Applies to Target	464,000	464,000	753,000	753,000
		Total		1,217,000	1,217,000	753,000	753,000

¹ Project Area to be phased out as Program is reassigned to BIAs only.

² Project Area has been discontinued.

The Tourism Capital Program consists of one project:

- Canadian Walk of Fame.

Tourism has been delayed in finalizing the agreement with the Canadian Walk of Fame for the scope and management of Phase 2 of the Canadian Walk of Fame Development project. The 2007 Capital Budget includes \$0.300 million gross, \$0.150 million net unspent which have been carried forward from 2006 and \$0.500 million gross, \$0.250 million net for the 2007 completion of the project. The General Manager of EDCT will report to Budget Committee on the status of the Walk of Fame Project before the end of the Capital Budget review process.

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Multi Year Debt Affordability Target

The 5-Year Capital Plan for Economic Development Culture and Tourism includes cash flow projections of \$14.190 million in 2007, \$9.799 million in 2008, \$12.440 million in 2009, \$11.986 million in 2010 and \$10.935 million in 2011 which is \$0.489 million over the 2007 approved debt target for Economic Development, Culture and Tourism. A \$0.978 million gross, \$0.489 million net increase to 2007, above the 2007 debt target is recommended to address the 2007 demand for BIA Streetscape Improvement projects. See Capital Budget Issues on page 18 for discussion.

Capacity

Economic Development Culture and Tourism's projected year-end spending rate for 2006 approved projects is 71% which is higher than the 67% achieved in 2005. After a delayed hiring process, two capital project management staff began work in the last quarter of 2006, supporting higher completion rates in the future.

State of Project Readiness

Economic Development, Culture and Tourism is ready to proceed with the 2007 Recommended Capital Budget. The Environmental assessments and project planning have been completed resulting in the realistic cash flow requirements included in the 2007 Recommended Capital Budget.

Recommended Changes to the 5-Year Plan

City Council considered the 5-Year Plan (2006-2010) at its meeting of July 25, 26 and 27, 2006. The plan was endorsed in principle. All 2007 projects were identified in the 2006-2010, 5-Year Plan with the exception of the Collections Data Base Management Project, which requires \$0.100 million gross funded from the Heritage Reserve Fund in 2007. Minor cash flow adjustments were made to the 2006-2010 5-Year Plan and all of the changes have been accommodated within the 5-Year debt targets.

For 2007, changes were made to Economic Development projects to accommodate an additional \$0.432 million gross in BIA cost sharing requests by deferring \$0.182 million gross of previously approved St. Clair Right of Way funds, reducing the 2007 Community Façade Improvement Program by \$0.100 million, and reducing the 2007 Employment Revitalization Program by \$0.025 million. These changes reduce the funding for the 100% debt funded projects and increase the funding for cost shared projects and adding \$0.125 million of financing from BIAs.

The recommended increase of \$0.978 million gross, \$0.489 million net to the 2007 BIA Streetscape program, to address the 2007 demand for BIA Streetscape Improvement projects, is above the 2007 debt target. The recommended increase is a change from the 5-Year Capital Plan endorsed in principle by Council, which was originally at debt targets for each of the 5 years.

State of Good Repair Backlog and Unmet Needs

The EDCT Capital Program backlog consists of state of good repair (SOGR) projects for Culture facilities including outdoor public art and monuments. Economic Development and Tourism have no state of good repair backlog. The backlog is based on audits completed in September 2001 adjusted for work completed. SOGR for the smaller heritage structures at the John Street Roundhouse and the

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Guild are included, as the City will retain an asset management obligation at each site after lease agreements are signed with the private partners.

Not all of the audits of state of good repair requirements for Culture facilities have been completed to date and future assessments may increase the backlog significantly. Culture has responsibility for major vacant City-owned heritage properties that include the Don Valley Brick Works; the John Street Roundhouse; the Guild Inn; and the Wychwood Car Barns. Together these properties represent a state of good repair backlog for the City of about \$69 million.

The Culture facilities inventory is complete and the audits of state of good repair requirements are continuing with a combination of new staff resources and contracted heritage analysis. The new Project Coordinator is expected to assist in the completion of the audits in the first half of 2007.

Culture has prepared special conservation audits for properties like Todmorden Mills, Casa Loma and the Guild. The information contained in these reports is very detailed, particularly as it applies to historic facilities, however the format is not consistent with format outlined in the 2006 Capital Budget Submission, Guidelines and Instructions. Culture also has facility audits for the most important properties in the inventory. These audits have been the basis for state of good repair capital budget planning.

Staff in the Cultural Assets section monitor and report on the state of good repair for facilities owned and operated by the City of Toronto, and communicate regularly with tenants in the leased Culture properties in order to stay informed about asset management issues there. While state of good repair priorities continue to be addressed through the capital budget, it is important for Culture to prepare a comprehensive state of good repair summary for all the properties in the portfolio that is consistent and can be updated.

The known SOGR Backlog is \$69 million at the end of 2006. The backlog is anticipated to be \$74.288 million by 2011 growing by 8% or \$5.288 million over 5 years. Culture staff continues to pursue opportunities with the private sector to establish partnerships that can further the City's Culture objectives and reduce its financial SOGR requirements. Culture has secured development partners for the Guild; the Brick Works and the Wychwood Car Barns to relieve the City of this liability and is working on similar arrangements for the Roundhouse. SOGR backlog for Don Valley Brick Works is included, now, however when the lease with Evergreen is signed, the backlog will be transferred from the City to the lessee. Renewal of the operating agreement for Casa Loma will address the private sector obligation to maintain the facility once the restoration work is completed.

The Culture Program faces potential increases in demand for funding for emerging major projects such as the Guild Inn Culture Precinct, New Buildings for Fort York and the Culture Collections Centre-Waterfront. The initial feasibility stages of these projects are accommodated within the 5-Year Capital Plan. All are subject to change. Funding requirements for these projects, if they are finalized, will be included in the 2008 Capital Budget request.

Operating Impact of the 5-Year Capital Plan

Approval of the 2007 Recommended Capital Budget will not have an incremental operating cost impact. Two projects with potential for increased operating costs are included in the 5 Year Plan. The Adding New Buildings to Fort York project with funding of \$2.100 million from 2008 to 2010 and the Cultural Collection Centre-Waterfront project with initial funding of \$1.050 million from 2008 to 2011

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have been included for preliminary feasibility work. The projected operating impacts of these two projects will be included in the 2008 Capital Budget Submission.

Pre-approvals

City Council on December 5 and 6, 2006, adopted the following pre-approvals for EDCT:

- A pre-approval commitment for Casa Loma of \$3.100 million in new project cost and \$1.170 million cash flow (\$0.170 million carry forward, \$0.760 million previously committed and \$0.240 million new funding) for the 2007 Phase project to continue work and enter into contracts without delay.
- A \$0.588 million cash flow pre-approval for The Don Valley Brick Works for environmental remediation which must be completed by May as previously agreed with a private partner.
- A \$0.060 million cash flow pre-approval for Canstage (Berkley St.) for the life system upgrades to be completed with minimum impact on the theatre operations.
- The pre-approval commitment for Outdoor Public Art of \$0.300 million to complete work on the Canadian Volunteers Memorial during the required damp/cool conditions (spring) and to keep monthly scaffolding fees to a minimum.

**Total 2007 Recommended Cash Flow & Future Year Commitments
(\$000s)**

	2005 & Prior Year Carry Forward	2007 Previously Approved Cash Flow Commitments	2007 New Cash Flow Recommended	2007 Total Cash Flow Recommended	2007 Debt Target	2006 Carry Forward	Total 2007 Cash Flow (Incl 2006 C/Fwd)	2008	2009	2010	2011	2012-2016	Total Cost
Expenditures													
Previously Approved		4,979		4,979		4,164	9,143	182					9,325
Change in Scope													0
New			5,528	5,528			5,528						5,528
New w/Future Year			3,683	3,683			3,683	2,317					6,000
Total Expenditure	0	4,979	9,211	14,190		4,164	18,354	2,499	0	0	0	0	20,853
Financing													
Debt		3,734	4,860	8,594	8,105	2,618	11,212	1,951					13,163
Subsidy (SCPI)						24							0
Prov. Subsidy/Grant													0
Development Charges													0
Other		920	1,876	2,796		1,007	3,803	548					4,351
Federal Grants													0
Reserves/Res Funds		325	2,475	2,800		515	3,315						3,315
Total Financing	0	4,979	9,211	14,190		4,164	18,354	2,499	0	0	0	0	20,853

Comments / Issues:

- Approval of the 2007 Recommended Capital Budget will result in a commitment of \$2.499 million in 2008 representing a significant reduction from \$4.979 million committed for 2007 in the 2006 Approved Capital Budget. There are no 2005 and prior year projects to be funded.
- The debt funding for the 2007 Recommended Capital Budget is \$8.594 million which is \$0.489 million over the 2007 debt target of \$8.105 million as a result of funding requirements for the 2007 BIA Streetscape Improvement Program.
- Other sources of funding for the 2007 Recommended Capital Budget include \$2.800 million from reserve funds and \$2.796 million from third party contributions.

2007 Recommended Capital Budget

2007 Recommended Capital Budget versus Debt Target

The EDCT 2007 Recommended Capital Budget totals \$18.354 million requiring \$8.594 million in debt funding which is \$0.489 million over at the approved debt targets for Economic Development, Culture and Tourism. A \$0.978 million gross, \$0.489 million net increase to 2007, above the 2007 debt target is recommended to address the 2007 demand for BIA Streetscape Improvement projects.

Capacity /Readiness

Economic Development, Culture and Tourism is ready to proceed with the 2007 Recommended Capital Budget. The Environmental assessments and project planning have been completed resulting in the realistic cash flow requirements included in the 2007 Recommended Capital Budget.

- Culture

The causes of delays in proceeding with The Don Valley Brickworks Project and the Guild Revitalization Project are being resolved. Council approved the reallocation of \$0.740 million debt funding for the Don Valley Brickworks Remediation Project in July which is now planned for completion in 2007.

In September, 2006 Administration Committee directed staff to continue negotiations on the lease agreement with a private sector partner on the Guild Revitalization until the end of 2006. As a next step, staff will report back on the extent and timing of the construction of the Cultural Precinct at the Guild Inn when reporting on the lease agreement with the private sector proponent. The negotiations on the lease agreement is anticipated to continue into late 2007 and Capital construction anticipated for 2008.

- Tourism

The Canada's Walk of Fame Project Phase 2, initially planned to start in 2006 is delayed due to finalizing the location and design of the project. \$0.300 million funding is carried forward into 2007. The issues are being resolved by Tourism staff and a final implementation plan will be presented in the first quarter of 2007.

- Economic Development

An increase of \$0.978 million gross, \$0.489 million debt above the debt target has been allocated to the program to address the 2007 demand for BIA streetscape improvements. The recommended 2007 Capital Budget for Economic Development was developed based on the Capital Cost-Sharing Guidelines which govern the BIA Streetscape Improvement Program, the Employment Revitalization Program and the Commercial Façade Improvement Program. The projected cash flows for 2008-2011 are within the debt affordability targets. The Economic Development Capital Program faces increasing demands on its resources due to the growth in the number of BIAs, the increased size of new BIAs, as well as the interest of BIAs to undertake more ambitious projects.

**Operating Budget Impact
Incremental Operating Impact Summary**

Incremental Operating Budget Impact	2007	2008	2009	2010	2011
Program Costs (net) (\$000s)					
Debt Service Charges (\$000s)	257.8	1,003.9	214.6	0.0	0.0
Approved Positions					

Program Incremental Operating Costs

Approval of the 2007 Recommended Budget does not have an incremental operating cost impact, however, the future years will. The 2008 Capital Budget Submission will include revised information, including proposed development plans, fund-raising strategies and Operating Budget impacts, on two potentially new facilities that may impact the 2008-2012, 5-Year Capital Plan. These are the New Buildings at Fort York and the Culture Collections Centre projects.

PART II: ISSUES FOR DISCUSSION

2007 Capital Budget Issues

- Canadian Walk of Fame Project

The 2005 Recommended Capital Budget for Tourism included \$0.075 million gross, \$0.037 net funding for the Design Competition to develop a winning conceptual design of the Walk of Fame. A design was chosen on July 14, 2006. Phase one is complete, with the cost shared 50/50 between the City and Canada's Walk of Fame.

The 2006 Recommended Capital Budget included \$0.300 million gross, \$0.150 net for Phase 2, the detailed design and construction of the Walk of Fame. Funding was conditional on the signing of an agreement between the City of Toronto and Canada's Walk of Fame and any other appropriate parties, identifying the ongoing responsibilities and obligations of the parties. Planning has proceeded based on 50/50 cost sharing between the City and Canada's Walk of Fame. However, Tourism has not yet finalized an agreement with the Canadian Walk of Fame for Phase 2 of the project. The \$0.300 million gross, \$0.150 million net has not been spent and is recommended to be carried forward from 2006 into 2007.

The 2007 Recommended Capital Budget includes \$0.500 million gross, \$0.250 million net of new funding for the completion of the project. The cash flow for 2007 is therefore \$0.800 million gross, \$0.400 million net, including the funding carried forward from 2006. The project cannot proceed until the agreement between the City and Canada's Walk of Fame is concluded. Tourism staff is working to resolve the outstanding issues and the General Manager of EDCT will report to Budget Committee on the status of the Walk of Fame Project before the conclusion of Budget Committee's deliberations.

5-Year Capital Plan Issues

Future Year Targets

- BIA Capital Program

The Economic Development Program faces increasing demands on its resources due to growth in the number of BIAs, the size of new BIAs, as well as the interest of BIAs to undertake more ambitious projects, such as the Streetscape Master Plan initiated by the Downtown Yonge BIA, the steady demand for Employment Revitalization Program initiatives, and the increasing demands to provide the Commercial Façade Improvement Program to BIAs. The number of BIAs eligible for participation in the three cost sharing programs is projected to increase from 55 in 2006 to 60 in 2007 and to 74 by 2011. It is clear that current assumptions and eligibility guidelines for BIA project funding for these capital programs cannot be accommodated within debt affordability targets and therefore new strategies need be considered. The one-time increase in 2007 will not resolve the pressures identified for 2008-2011.

BIA Streetscape Summary

\$000

	2006 Approved Budget	2007 (on target)	New Funding (over Target)	2007 Total Funding	4-Year Plan			
					2008 (on target)	2009 (on target)	2010 (on target)	2011 (on target)
Gross	3,307	3,159	978	4,137	3,505	3,510	3,512	3,514
Debt/Net	1,735	1,601	489	2,090	1,879	1,879	1,879	1,880
# of BIAs	55			60	64	68	72	74

The General Manager of EDCT is requested to review the eligibility guidelines and the procedures for reviewing and approving requests for the BIA Streetscape Improvement Program, the Commercial Façade Improvement Program and the Employment Revitalization Program, and report back by June, 2007, on a strategy for managing the growing unfunded demand for the three capital programs within debt affordability limits.

- Culture

The Culture Program faces potential increases in demand for funding for emerging major projects such as the Guild Inn Culture Precinct, New Buildings for Fort York, the Culture Collections Centre-Waterfront and the Canadian Film Centre at Winfields Estate. These projects are not accommodated within the 5-Year Capital Plan except for their initial feasibility stages. The General Manager of EDCT will provide updated details of these projects in the 2008 Capital Budget Submission.

Appendix 4
Reserve / Reserve Fund Review
(\$000s)

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Uncommitted balance as of September 30, 2006	Proposed Withdrawals					
			2007	2008	2009	2010	2011	
XR4002 Public Art Reserve fund	ACH000010-34 Public Art Development	746,484	138,000					
XR4002 Public Art Reserve fund	ACH000010-42 Public Art Development			150,000	175,000	\$150,000	\$150,000	
XR1019 Heritage Reseve fund	ACH000010-43 Collections Data Base Mgt	541,160	100,000					
XR0019 Heritage Reserve Fund	ACH000011-23 Gibson House Parking			25,000				
XR0019 Heritage Reserve Fund	ACH000012-69 Cedar Ridge		25,000	25,000				
XR0019 Heritage Reserve Fund	ACH000012-78 Spadina Restoration		25,000		25,000			
XR0019 Heritage Reserve Fund	ACH000012-82 Todmorden Mills					\$25,000		
XR0019 Heritage Reserve Fund	ACH000012-84 Windfields			25,000	25,000	\$25,000		
XR0019 Heritage Reserve Fund	ACH000012-85 Fort york Restoration		25,000			\$25,000		
XR0019 Heritage Reserve Fund	ACH000015-8 Conservation & Collections Facilities		25,000					
XR1501 Casa Loma	ACH000012-71	1,568,432	2,300,000	300,000	1,300,000	\$800,000	\$800,000	
XR1214 John St Roundhouse	ACH000016-44 John St Roundhouse	3,555,823	653,000					
XR1024 Etobicoke Public art	ACH000010-39 Public Art Development	119,966	24,000					
XR4220 Chinese Archway Reserve Fund	EDV906908 Employment Revitalization Program (200	255,584	255,584					
Total Reserve / Reserve Fund		\$6,787,449	\$3,570,584	\$525,000	\$1,525,000	\$1,025,000	\$950,000	

Appendices 1-3 not available online.