

# 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 \$0.755 million was 8% spent as at September 30, 2006. Actual expenditures by year-end are anticipated to be \$0.510 million, or 68% of the Approved Budget, resulting in projected 2006 cash flow funding of \$0.245 million being carried forward into 2007. This projected under expenditure is primarily attributed to the deferral of the Lighting Project to accommodate the temporary stage for the holiday programming and to ensure the successful completion of the Stage Canopy capital project by early 2007.
- The 2007 Recommended Capital Budget, 2008 to 2011 Plan and 2012 to 2016 Estimates totals \$0.200 million of which \$0.200 million is projected for the Program's 5-Year Capital Plan, requiring debt funding of \$0.200 million, or an average of \$0.050 million per year to maintain the Square in a state of good repair. There are no estimates for 2012 to 2016.
- The 2007 Recommended Capital Budget consists of two previously approved commitments and requires no new 2007 cash flow and no new debt funding. The Stage Canopy Project changed in scope and was approved in 2006 for supplemental funding of \$0.250 million from Section 37 funds designated for Yonge-Dundas Square. The main structure has been completed, with minor elements of the structure to be completed by early 2007 requiring \$0.125 million of funds to be carried forward into 2007. The Lighting Project was approved in 2006 for \$0.120 million of debt funding; this project is expected to be completed in 2007.
- The assigned debt guideline for this Program is \$0 in 2007; there are no new capital projects in 2007.
- The 2007-2011 cash flow projections outlines the capital investments required to maintain the state of good repair of the Yonge-Dundas Square infrastructure which includes:
  - Replacing the large steel grate in the oculus to address a health and safety issue requiring \$0.100 million debt funding in 2008.
  - State of good repair projects requiring debt funding of \$0.050 million in each year of 2009 and 2010.
  - No debt guideline was assigned to year 2011.
- The Program does not have a backlog of state of good repair projects as the Square is relatively new.
- The 2007 Recommended Capital Budget will complete the stage canopy project and the lighting project, both carried forward from 2006 into 2007.

**Recommendations**

The City Manager and Chief Financial Officer recommend that:

1. the 2007 Recommended Capital Budget for Yonge-Dundas Square consisting of carry forward funding from 2006 into 2007 of \$0.245 million be approved; and
2. the 2008-2011 Capital Plan for Yonge-Dundas Square totalling \$0.200 million in project commitments and estimates, comprised of \$0.100 million in 2008; \$0.050 million in 2009; and \$0.050 million in 2010 be approved.

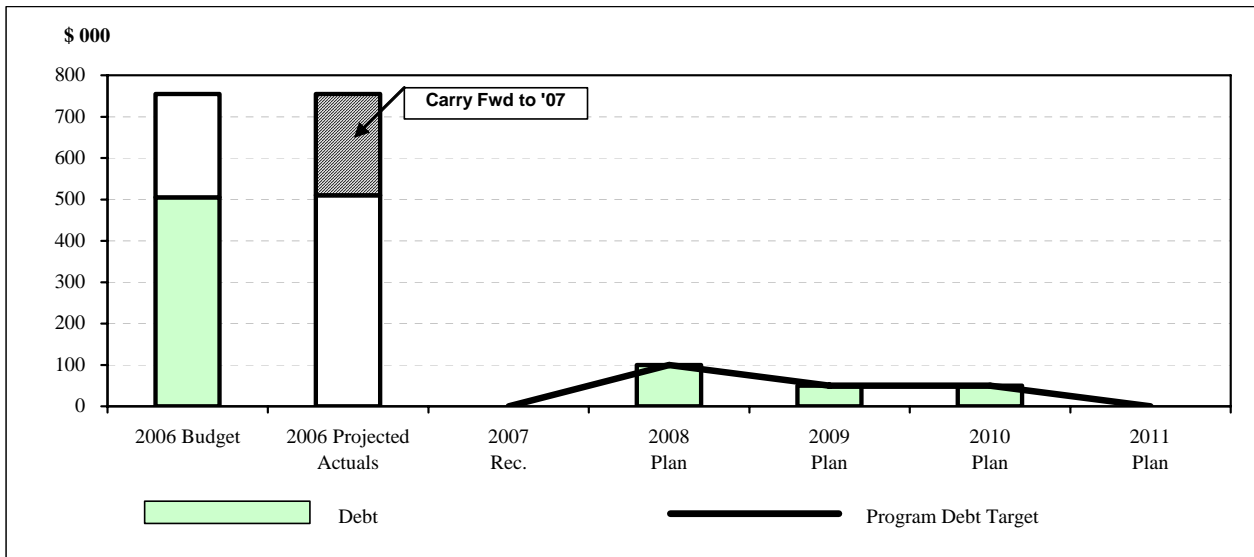
**2006 Capital Variance Review**

<b>2006 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)</b>					
<b>2006 Approved</b>	<b>Actuals as of Sept 30 (3rd Qtr Variance)</b>		<b>Projected Actuals at Year End</b>		<b>Balance</b>
<b>\$</b>	<b>\$</b>	<b>% Spent</b>	<b>\$</b>	<b>% Spent</b>	<b>\$ Unspent</b>
755	57	8	510	68	245

**Comments / Issues:**

- At the end of the 3rd quarter, Yonge-Dundas Square spent approximately \$0.057 million or 8% of its 2006 approved cash flow budget of \$0.755 million. A change in scope to address structural and safety concerns requiring an engineering redesign and budget adjustment delayed completion of the stage canopy project. The lighting project approved for 2006 is being deferred until 2007 to accommodate the temporary stage for seasonal programming.
- Actual expenditures by year-end are anticipated to be \$0.510 million, or 68% of the Approved Budget, resulting in projected 2006 cash flow funding of \$0.245 million being carried into 2007 to complete the stage canopy and lighting projects.

5-Year Capital Plan (2007-2011)



	2006		5-Year Plan					2007-2011
	Budget	Projected Actual	2007 Rec.	2008	2009	2010	2011	
<b>Gross Expenditures:</b>								
Capital Budget & Future Year Commitments	755	510						0
New Plan Estimates				100	50	50		200
1-Year Carry Forward to 2007		245						
<b>Total Gross Annual Expenditures &amp; Plan</b>	<b>755</b>	<b>755</b>	<b>0</b>	<b>100</b>	<b>50</b>	<b>50</b>	<b>0</b>	<b>200</b>
<b>Program Debt Target</b>			<b>0</b>	<b>100</b>	<b>50</b>	<b>50</b>	<b>0</b>	<b>200</b>
<b>Financing:</b>								
Recommended Debt	505			100	50	50		200
<b>Other Financing Sources:</b>								
Reserves/Reserve Funds	0							0
Development Charges	0							0
Federal	0							0
Provincial	0							0
Other Revenue	250							0
<b>Total Financing</b>	<b>755</b>		<b>0</b>	<b>100</b>	<b>50</b>	<b>50</b>	<b>0</b>	<b>200</b>
<b>By Category:</b>								
Health & Safety	120			100				100
Legislative	0							0
SOGR	0				50	50		100
Service Improvement	570							0
Growth Related	65							0
<b>Total By Category</b>	<b>755</b>		<b>0</b>	<b>100</b>	<b>50</b>	<b>50</b>	<b>0</b>	<b>200</b>
Yearly SOGR Backlog Estimate (not addressed by current plan)								0
Accumulated Backlog Estimate (end of year)								0
<b>Operating Impact on Program Costs</b>				(11)				(11)
<b>Debt Service Costs</b>								0

\* 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 Capital Plan has been developed to address safety issues, service enhancement and state of good repair in order to maintain the Yonge-Dundas Square infrastructure.

The stage canopy project will be completed and fully functional by early 2007. The lighting project approved in 2006 to address safety issues will be completed in 2007.

There are no new capital projects in 2007; the assigned debt guideline is zero for this year.

The 2008 capital project for \$0.100 million will provide for the replacement of the large steel grate at the corner of Yonge and Dundas known as the oculus area of the Square. The current steel grate is a safety hazard (slip and fall) in the wintertime and during wet weather.

In 2009 and 2010 the Board has requested \$0.050 million in each year for anticipated state of good repair projects. Due to the relatively new nature of the facility the Board has currently not identified specific projects. The Board does however anticipate the need to replace and repair compromised elements of the granite on the Square and replace the pumps that service the public washrooms. The current washroom pumps are inadequate and have in past resulted in plumbing backups that have necessitated the closing of the washrooms from time to time.

### **Multi Year Debt Affordability Target**

The 2007-2011 Capital Plan has met the Council approved debt affordability targets for each of the five years.

### **Capacity**

Capacity is generally not an issue with this Program. However, due to the unique nature of Yonge-Dundas Square's capital projects, some requiring design and engineering studies, the capital projects may require a longer timeframe than one year to complete.

### **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 and endorsed the Plan in principle. The 2007-2011 Recommended 5-Year Capital Plan has not changed since July 2006.

### **Backlog of Projects – Unmet Needs**

The Program does not have a backlog of state of good repair projects as the Square is relatively new. The Board of Management will conduct a facility audit in 2007 to prepare a long term plan to maintain the Square in a state of good repair. The maintenance audit may identify possible new funding demands in addition to what is being projected for years 2008, 2009 and 2010.

**Operating Impact of the 5-Year Capital Plan**

With the completion of the stage canopy project by early 2007, there will be operating savings of \$0.011 million in 2007 as there will be no need to rent a temporary canopy for the stage. There is no operating impact of capital in years 2008 to 2011.

**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
<b>Expenditures</b>													
Previously Approved						245	245						245
Change in Scope													0
New													0
New w/Future Year													0
<b>Total Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>245</b>	<b>245</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>245</b>
<b>Financing</b>													
Debt					0	120	120						120
Subsidy (SCPI)													0
Prov. Subsidy/Grant													0
Development Charges													0
Other						125	125						125
Federal Grants													0
Reserves/Res Funds													0
<b>Total Financing</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>245</b>	<b>245</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>245</b>

- The 2007 Recommended Capital Budget totalling \$0.245 million comprises of \$0.125 million for the completion of the stage canopy and \$0.120 million for the lighting project carried forward from 2006 to 2007. The 2007 Recommended Capital Budget is funded from \$0.125 million in Section 37 funds in-hand and \$0.120 million from debt.
- There are no future year commitments arising from the approval of the 2007 Recommended Capital Budget.

**2007 Recommended Capital Budget**

**2007 Recommended Capital Budget versus Debt Target**

Yonge-Dundas Square has no allocated debt target for 2007.

**Capacity / Readiness**

The Program will complete the stage canopy project in early 2007 as well as the lighting project carried forward from 2006 in 2007.

Yonge-Dundas Square's capital projects are unique in nature, requiring special design engineering and standards which may result in project completion delays.

**Operating Budget Impact**

**Incremental Operating Impact Summary**

**Program Incremental Operating Costs**

With the completion of the stage canopy project in early 2007, Yonge-Dundas Square's 2007 Operating Budget will be adjusted to reflect operating savings of \$0.011 million in 2007, as the budgeted expense of renting a temporary canopy for the stage will no longer be required once the permanent stage canopy is in place.

**PART II: ISSUES FOR DISCUSSION**

**2007 Capital Budget Issues**

There are no issues for this Program.

**5-Year Capital Plan Issues**

There are no issues for this Program.