

**Analyst Briefing Notes**  
**Budget Committee**  
**November 3, 2009**

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## PART I: CAPITAL PROGRAM

### Executive Summary

- The 10-Year Recommended Capital Plan balances Council's priority of Strengthening our Neighbourhoods by increasing the number of child care centres in under-served communities; providing ongoing health and safety repairs for child care and family centre playgrounds; and maintaining the City's 20 child care centres in a state of good repair, with the need to keep spending levels within the City's affordability guidelines.
- The following summarizes the allocation of recommended funding by project type:
  - \$53.0 million is recommended to address playground retrofits to comply with the licensing requirements under the Day Nurseries Act and the new Canadian Standards Association (CSA), and the state of good repair requirements for the 20 municipally owned child care centre facilities;
  - \$8.358 million is provided to construct two new child care centres as part of the Regent Park Revitalization Initiative: the Nelson Mandela PS Renovation (78 spaces, including 30 new spaces for infants and toddlers), which replaces the Blevins Child Care Centre, and to construct the Regent Park Child Care Hub (40 spaces, including 10 new spaces for infants), which replaces the Regent Park Child Care Centre; and
  - \$4.495 million is included to complete three new child care centres in under-served areas of the City for a total of (231 spaces), including the Chester Le Child Care Centre with 66 new spaces; the St Andrew Child Care Centre with 46 new spaces; and the Thorncliffe Park Child Care Centre with 119 spaces (42 new and 77 replacement spaces).
- The 2009 Approved Capital Budget of \$11.144 million was 4.7%, or \$0.524 million spent at the end of September 30, 2009. Year-end expenditures are projected to be \$4.551 million or 40.8% of the 2009 Approved Capital Budget. This represents a projected increase of 13.6% or \$1.412 million in capital spending from the 2008 spending rate of \$2.331 million or 22.5%. It is not anticipated that the Province will be funding its \$4.0 million share of the \$5.0 million Health and Safety Playground program, resulting in an under expenditure; as well, the Chester Le and St Andrew child care centre projects will be under spent, due to delays resulting from ongoing negotiations with the school boards.
  - The projected 2009 funding to be carried forward into 2010 of \$1.835 million includes funding for the Chester Le Child Care Centre project for \$1.035 million; and the St Andrew Child Care Centre project for \$0.800 million.
- The 10-Year Recommended Capital Plan totals \$65.853 million, including 2009 carry forward funding into 2010 of \$1.835 million, of which \$39.353 million is for the 2010-2014 period, with the 2015-2019 period requiring funding of \$26.5 million.

- The first five years of the 10-Year Recommended Capital Plan focuses on constructing new facilities in under-served communities, providing ongoing health and safety repairs for child care and family centre playgrounds; and maintaining the City's 20 child care centres in a State of Good Repair;
- Years 2015-2019 of the Recommended Capital Plan continue to focus on providing health and safety repairs for child care and family centre playgrounds, and maintaining the City's 20 child care centres in a state of good repair.
- Changes to the 2009-2018 Approved Capital Plan total \$3.788 million or 6.78% compared to the 2010 Recommended Capital Budget and the 2011-2019 Recommended Capital Plan. The change is due to the following: delays resulting from ongoing negotiations with school boards have resulted in deferral in spending from 2008 previously approved cash flows to 2010 for the Chester Child Care Centre, the St Andrew Child Care Centre, and the Enderby Child Care Centre projects totalling \$1.230 million; the addition of the new Regent Park Children's Hub project of \$4.858 million that was not included in the 2009-2018 Capital Plan; and the elimination of Centre D project of \$2.3 million, due to the completion of the Thomas Berry Child Care Centre project in 2009.
- Children's Services has approved funding in the 10-Year Recommended Capital Plan from the Federal ISF program totalling \$5.397 million for the Regent Park Children's Hub. This project has Federal ISF funding of \$1.799 million; the Toronto Community Housing Corporation of \$1.948 million; and debt of \$1.650 million. The project will provide a 40 space child care centre that includes 10 new spaces for infants, and 30 replacement spaces.
- There are no operating impacts arising from the approval of the 10-Year Recommended Capital Plan, as the new centres will be operated as purchased service centres, with the new spaces reallocated from areas currently receiving more than their equitable share of service.
- Children's Services does not have a state of good repair backlog, as the Program is able to manage the maintenance of the 20 City's municipal child care centers through its annual maintenance plan.
- Children's Services' spending rates have averaged 33.4% over the last five-years. The capacity to spend is impacted by not receiving Provincial funding of \$4.0 million (80% Provincial funding) for the \$5.0 million annual Health and Safety Playground Program; and the need to rely on school boards and the Toronto Community Housing Corporation (TCHC) approvals to complete the construction of the new and replacement child care centres. As negotiations with the school boards and TCHC have been completed, significant construction is scheduled for 2010 for all centres except the Nelson Mandela Public School Renovation project, which is scheduled to begin construction in 2011.

- The 10-Year Recommended Capital Plan supports the following two strategic priorities
  - ***Invest in the City's 13 Priority Neighbourhoods***

Children's Services' 10-Year Recommended Capital Plan supports the strategic priority to "invest in the City's 13 Priority Neighbourhoods". Over the next three years, \$4.465 million will be allocated for the construction of three new child care centres that will address the need to provide access to quality licensed subsidized childcare in under served areas. These projects will provide 231 child care spaces, and include following: the Chester Le Child Care Centre for \$2.465 million (66 spaces); the St Andrew Child Care Centre for \$1.5 million (46 spaces); and \$0.500 million for the completion of the Thorncliffe Park Child Care Centre (119 spaces).
  - ***Affordable Housing and Homelessness***

Children's Services' 10-Year Recommended Capital Plan also supports the strategic priority of "transforming and revitalizing social housing communities" by including two projects as part of the Regent Park Revitalization Plan: \$4.858 million to complete the Regent Park Children Care Hub, which will provide a service capacity of 40 child care spaces, including 10 new spaces for infants; and \$3.5 million to construct a new child care centre as part of the Nelson Mandela Public School Renovation, with 78 child care spaces, including 30 additional spaces.
- The 2010 Recommended Capital Budget for previously approved and new/ change in scope projects (excluding 2009 carry forward funding into 2010) of \$13.813 million is 61.6% allocated to service improvement projects at \$8.513 million; 36.2% allocated to health and safety at \$5.0 million; and 2.2% allocated to state of good repair projects at \$0.300 million.
- Approval of the 2010 Recommended Capital Budget will require future year commitments of \$3.840 million in 2011 that include the following: \$2.5 million for the construction of the Nelson Mandela Public School Renovation; \$0.540 million to complete the Regent Park Children's Hub; and \$0.800 million to complete the St Andrew Child Care Centre and Chester Le Child Care Centres; and \$0.500 million in 2012 to complete the Nelson Mandela PS Renovation project.
- The 2009 labour disruption has impacted the construction of the Chester Le Child Care Centre, as staff was not available to approve the building permit. The Chelter Le Child Care Centre project has been deferred to 2010.
- The 2010 Recommended Capital Budget will provide funding to:
  - Continue the City's ability to address health and safety issues, including playground retrofits so that equipment is in compliance with the licensing requirements under the Day Nurseries Act of \$5.0 million (with \$4.0 million from the Province); and the State of Good Repair upgrades to City owned child care centres of \$0.3 million;

- Continue the construction of the Regent Park Children's Hub project for \$4.318 million; the Chester Le Child Care Centre project for \$2.165 million; and St Andrew Child Care Centre project for \$1.0 million; the Thorncliffe Child Care Centre project for \$0.500 million; and the Nelson Mandela PS Renovation project for \$0.500 million; and
- Complete the child care centre at 118 Enderby for \$0.030 million.
- The Child Care Capital Reserve Fund was established in 1997, and is used to fund the construction of new child care centres in under-served, priority neighbourhoods, and to maintain child care spaces throughout the City. Over the next two years, \$6.009 million has been allocated to finalize the construction of six previously approved child care centres, addressing the Council priority of providing access to quality, licensed subsidized childcare in high-needs communities. Aside from interest income, the fund has no other funding sources. Without additional funding, there will be insufficient funds in the Child Care Capital Reserve Fund for the Program to support the development of new child care beyond those currently included in the 10-Year Recommended Capital Plan.

## **Recommendations**

The City Manager and Chief Financial Officer recommend that:

- (1) Council approve the 2010 Recommended Capital Budget for Children's Services with a total project cost of \$5.8 million and a 2010 cash flow of \$15.648 million and future year commitments of \$4.340 million comprised of the following:
  - a) New Cash Flow Funding for:
    - i) three new/change in scope sub-projects with a total project cost of \$5.8 million that requires cash flow of \$5.8 million in 2010;
    - ii) seven previously approved sub-projects with a 2010 cash flow of \$6.783 million and future year commitments of \$3.840 million in 2011; and \$0.500 million in 2012;
    - iii) three previously approved sub-projects with carry forward funding from 2008 requiring 2010 cash flows of \$1.230 million, which forms part of the affordability targets that requires Council to reaffirm its commitments; and
    - iv) 2009 approved cash flow for three previously approved sub-projects with carry forward funding from 2009 into 2010 totalling \$1.835 million;
- (2) Council approve new debt service costs of \$0.043 million in 2010; incremental debt costs of \$0.183 million in 2011; and incremental debt costs of \$0.017 million in 2011 resulting from the approval of the 2010 Recommended Capital Budget, to be included in the 2010 and future year operating budgets;
- (3) Council approve the 2011-2019 Capital Plan for Children's Services totalling \$47.7 million in project estimates, comprised of \$5.3 million in 2011; \$5.3 million in 2012; \$5.3 million in 2013; \$5.3 million in 2014; \$5.3 million in 2015; \$5.3 million in 2016; \$5.3 million in 2017; \$5.3 million in 2018; and \$5.3 million in 2019; and,
- (4) The General Manager of Children's Services review the sustainability of the Child Care Capital Reserve Fund as part of the 2011 Capital Budget process.

## PART I: CAPITAL PROGRAM

### 2009 Capital Variance Review

<b>2009 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)</b>					
<b>2009 Approved</b>	<b>Actuals as of Sept 30th (3<sup>rd</sup> 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>
11,144	524	4.7%	4,551	40.8%	6,593

Children's Services spent \$0.524 million or 4.7% of the 2009 Approved Capital Budget of \$11.144 million during the nine months ending September, 2009, and is projecting year end spending of \$4.551 million, or 40.8% of the 2009 Approved Capital Budget. Excluding the Provincial \$4.0 million subsidy for the Health and Safety Playground project, the year-end spending rate would be 63.7%.

Projected under spending is attributed to the following:

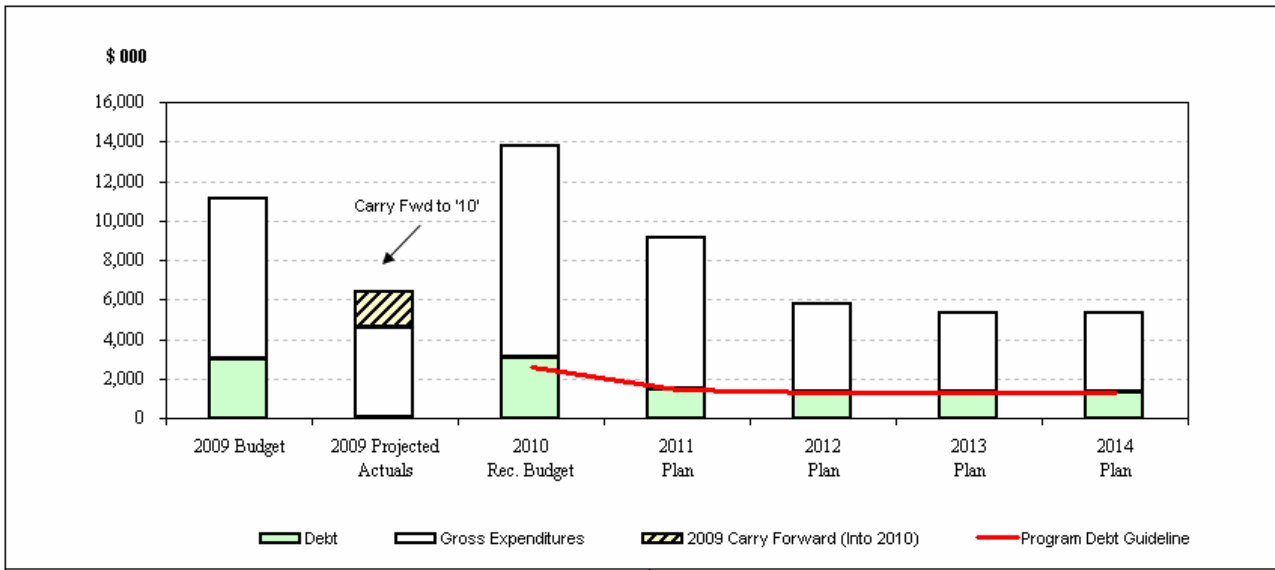
- The Health and Safety Playground project, with a 2009 approved cash flow of \$5.0 million is projected to be under-spent by \$4.0 million, as the Provincial funding contribution of \$4.0 million or 80% will not be received; the City portion of \$1.0 million or 20% will be fully spent by year end.
- The New Child Care Centre project, with a 2009 approved cash flow of \$5.255 million, is projected to be under-spent by \$2.563 million, with projected spending of \$1.369 million for the Thomas Berry Child Care Centre; \$0.923 million for Thorncliffe Park Child Care Centre; \$0.200 million for the Chester Le Child Care Centre; and \$0.200 million for the St Andrew Child Care Centre. The two projects with significant under spending, Chester Le Child Care Centre and St Andrews Child Care Centre, with projected under-spending of \$2.363 million, have been delayed due to ongoing negotiations with the school boards; both sites are now awaiting building permit approvals, with construction to begin in 2010.
- The 118 Enderby Child Care Centre project, with a 2009 approved cash flow of \$0.050 million is projected to be under-spent by \$0.030 million at year-end, with completion scheduled for 2010.

#### *State of Good Repair projects*

The 2009 State of Good Repair (SOGR) budget for Children's Services of \$0.300 million will be fully spent by year-end, as repair work in the child care centres is well underway. For 2008, the SOGR budget was comprised of \$0.300 million for the Municipal Child Care SOGR, with year-end spending of \$0.299 million, for a spending rate of 99.7%.

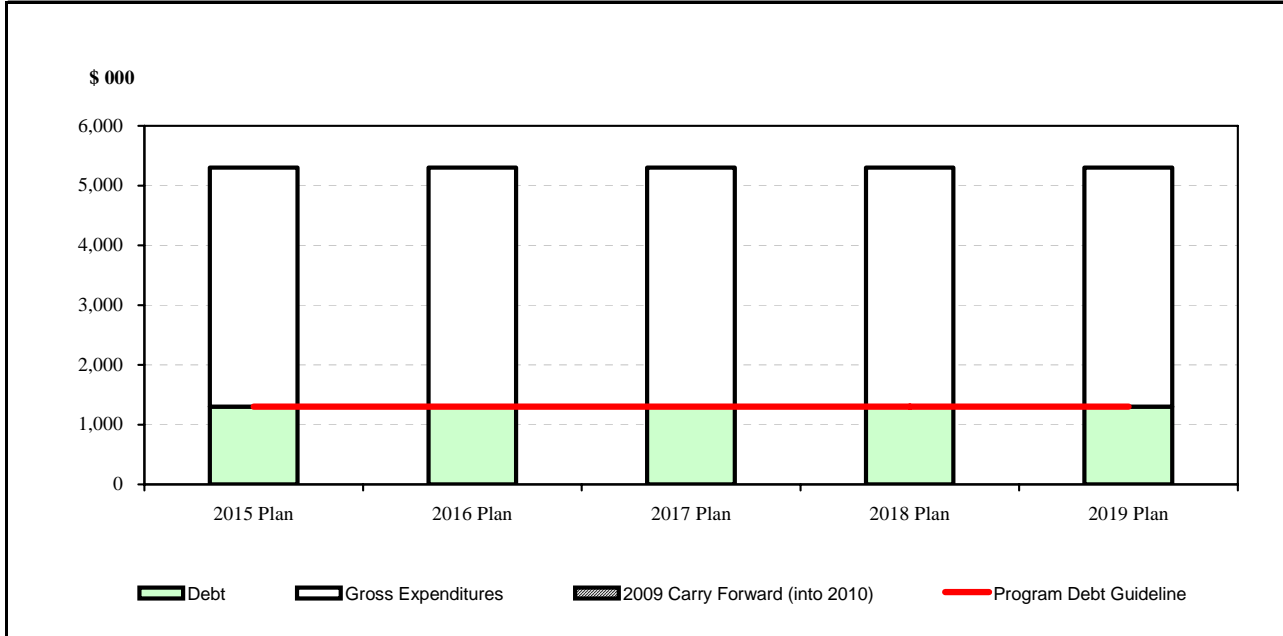
10-Year Capital Plan

2010 Recommended Budget, 2011-2014 Recommended Plan



	2009		2010 Rec. Budget and 2011-2014 Plan						2010-2014 Total	Five Year Percent
	Budget	Projected Actual	2010	2011	2012	2013	2014			
	<b>Gross Expenditures:</b>									
2009 Capital Budget & Approved FY Commitments	11,144	4,551	6,465	2,100				8,565		
Recommended Changes to Approved FY Commitments			1,548	1,740	500			3,788		
2010 New/Change in Scope and FY Commitments			5,800					5,800		
2011 - 2014 Capital Plan Estimates				5,300	5,300	5,300	5,300	21,200		
1-Year Carry Forward to 2010		1,835						0		
<b>Total Gross Annual Expenditures &amp; Plan</b>	<b>11,144</b>	<b>6,386</b>	<b>13,813</b>	<b>9,140</b>	<b>5,800</b>	<b>5,300</b>	<b>5,300</b>	<b>39,353</b>		
<b>Program Debt Target</b>	<b>4,125</b>		<b>2,621</b>	<b>1,465</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>7,986</b>		
<b>Financing:</b>										
<b>Recommended Debt</b>	<b>2,993</b>		<b>3,021</b>	<b>1,465</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>8,386</b>	<b>21%</b>	
Reserves/Reserve Funds	2,022		2,096	2,590	500			5,186	13%	
Development Charges	486		1,699	710				2,409	6%	
ISF / Rinc	180		1,439	180				1,619	4%	
Provincial/Federal	4,000		4,000	4,000	4,000	4,000	4,000	20,000	51%	
Other Revenue	1,463		1,558	195				1,753	4%	
<b>Total Financing</b>	<b>11,144</b>		<b>13,813</b>	<b>9,140</b>	<b>5,800</b>	<b>5,300</b>	<b>5,300</b>	<b>39,353</b>	<b>100%</b>	
<b>By Category:</b>										
Health & Safety	5,000		5,000	5,000	5,000	5,000	5,000	25,000	64%	
Legislated								0	0%	
SOGR	300		300	300	300	300	300	1,500	4%	
Service Improvement	5,844		8,513	3,840	500			12,853	33%	
Growth Related								0	0%	
<b>Total By Category</b>	<b>11,144</b>		<b>13,813</b>	<b>9,140</b>	<b>5,800</b>	<b>5,300</b>	<b>5,300</b>	<b>39,353</b>	<b>100%</b>	
Yearly SOGR Backlog Estimate (not addressed by current plan)								0		
Accumulated Backlog Estimate (end of year)										
Operating Impact on Program Costs										
Debt Service Costs			43	183	186	169	169	749		

### 10-Year Capital Plan 2015-2019 Recommended Plan



	2015-2019 Capital Plan					2010-2019 Total	10-Year Total Percent
	2015	2016	2016	2016	2016		
<b>Gross Expenditures:</b>							
2009 Capital Budget & Approved FY Commitments						8,565	
Recommended Changes to Approved FY Commitments						3,788	
2010 New/Change in Scope and FY Commitments						5,800	
2015 - 2019 Capital Forecast Estimates	5,300	5,300	5,300	5,300	5,300	47,700	
<b>Total Gross Annual Expenditures &amp; Plan</b>	<b>5,300</b>	<b>5,300</b>	<b>5,300</b>	<b>5,300</b>	<b>5,300</b>	<b>65,853</b>	
<b>Program Debt Target</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>14,486</b>	
<b>Financing:</b>							
<b>Recommended Debt</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>14,886</b>	<b>23%</b>
Reserves/Reserve Funds						5,186	8%
Development Charges						2,409	4%
ISF / Rinc						1,619	2%
Provincial/Federal	4,000	4,000	4,000	4,000	4,000	40,000	61%
Other Revenue						1,753	3%
<b>Total Financing</b>	<b>5,300</b>	<b>5,300</b>	<b>5,300</b>	<b>5,300</b>	<b>5,300</b>	<b>65,853</b>	<b>100%</b>
<b>By Category:</b>							
Health & Safety	5,000	5,000	5,000	5,000	5,000	50,000	76%
Legislated						0	0%
SOGR	300	300	300	300	300	3,000	5%
Service Improvement						12,853	20%
Growth Related						0	0%
<b>Total By Category</b>	<b>5,300</b>	<b>5,300</b>	<b>5,300</b>	<b>5,300</b>	<b>5,300</b>	<b>65,853</b>	<b>100%</b>
Yearly SOGR Backlog Estimate (not addressed by current plan)							
Accumulated Backlog Estimate (end of year)							
Operating Impact on Program Costs							
Debt Service Costs	169	169	169	169	169	1,594	

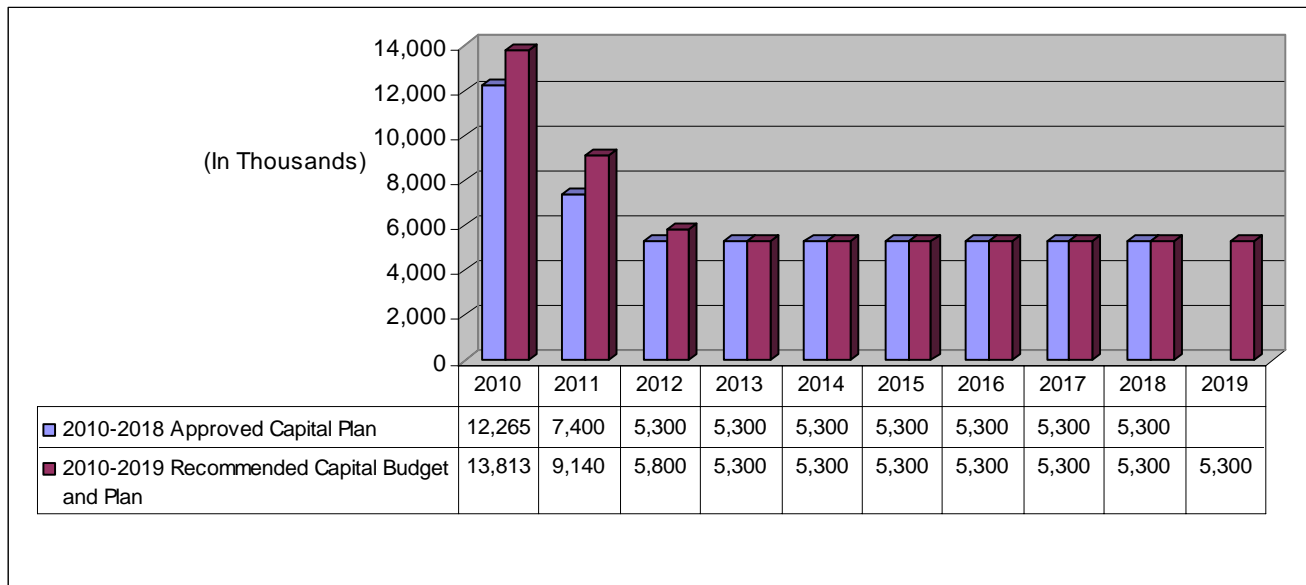
## 10 Year Capital Plan Overview

- The 10-Year Recommended Capital Plan is focused on increasing the number of child care spaces in under-served communities, in accordance with Council's priority to Strengthening Our Neighbourhoods by increasing the number of child care centres in priority neighbourhoods. Funding is included to complete the construction of four new child care centres in the under-served areas; and to replace two municipally operated child care centres as part of the Regent Park Redevelopment Initiative. The 10-Year Recommended Capital Plan also addresses the state of good repair requirements of municipally owned child care centre facilities, and assists child care operators address health and safety issues, including playground retrofits to comply with licensing requirements under the Day Nurseries Act and the new Canadian Standards Association (CSA) standards.
- The Children's Services' 10-Year Recommended Capital Plan is funded from the following sources: Provincial grants of \$40.0 million or 61%; debt of \$14.886 million or 23%; reserve funds of \$5.186 million or 8%; development charges of \$2.409 million or 4%; other revenue of \$1.753 million or 3%; and ISF funding of \$1.619 million or 2%. The 10-Year Recommended Capital Plan is \$0.400 million above the debt target in 2010, with the remaining years of the 10-Year Plan at target in each year.
- The 2009 summer labour disruption impacted Children's Services Capital program, particularly the construction of Chester Le Child Care Centre, as City staff were not available to approve the site application and building permit. This project has been deferred into 2010.
- The following summarizes the allocation of recommended funding by project category:
  - The 10-Year Recommended Capital Plan allocates 76% of the resources to *Health and Safety projects* to address ongoing health and safety issues, including playground retrofits in community child care programs. This funding ensures that critical health and safety issues are addressed and compliance with CSA is achieved. Funding is made available through the Health and Safety/ Playground for \$50.0 million, with \$40.0 million in Provincial funding;
  - *Service Improvement projects* account for 20% or \$12.853 million of the 10-Year Recommended Capital Plan allocation. These projects include completing the construction of four child care centres in under-served communities, and the reconstruction of two centres that are being relocated as part of the Regent Park Revitalization Initiative; and
  - *State of Good Repair projects* account for 5% or \$3.0 million of funding in the 10-Year Recommended Capital Plan and address the maintenance requirements in the 20 City owned child care centres.
- Children's Services does not have a SOGR backlog at the end of 2009, and is not projecting a backlog at the end of 2019. The 10-Year Recommended Capital Plan includes \$0.300 million each year to maintain the SOGR in the 20 City owned municipal child cares, and is supported by a building condition assessment study completed by Facilities and Real estate in December, 2006.

**Key Changes to the 2010-2019 Capital Plan**

The following changes have been made from the 2009-2018 Approved Capital Plan with the 2010 Recommended Capital Budget and the 2011-2019 Recommended Capital Plan. As outlined in the following table, the 2010 Recommended Capital Budget of \$13.813 million represents an increase of 12.6% or \$1.740 million compared to the 2010 Approved Capital Plan estimate of \$12.265 million in 2009. There is an increase of \$3.788 million or 6.7% over the nine year period.

**Changes to the 2009-2018 Approved Capital Plan**



These changes are the result of the following:

- The 30 Regent Street Child Care Centre project has been replaced with the expanded Regent Park Children’s Hub project, with an increased cost of \$4.318 million in 2010 and \$0.540 million in 2011, with funding from the Federal ISF program and a contribution from TCHC;
- Funding of projects originally approved in 2008 is being carried forward into 2010 of \$1.230 million for the following child care projects: \$0.900 million for Chester Le; \$0.300 million for St. Andrew; and \$0.030 million for 118 Enderby. The Chester Le Child Care Centre and St Andrew Child Care Centre projects will begin construction in 2010, while the 118 Enderby Child Care Centre requires funding for final contractor hold-backs;
- \$0.500 million has been deferred from 2010 to 2011 for the St Andrew Child Care project and \$0.300 million from 2010 to 2011 for Chester Le Child Care project to reflect the actual timing of the construction of these new centres;
- The Nelson Mandela Public School Renovation project has been deferred by one year, reducing \$2.0 million in 2010, to 2011 and 2012 to better reflect actual timing of the construction; and
- The Centre D Child Care Centre, originally committed in 2010 of \$1.200 million, and 2011 of \$1.100 million, has been replaced with the Thomas Berry Child Care project that was completed in 2009.

### Summary of Project Changes

Key Projects (\$000's)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2010- 2018
118 Enderby	30									30
Children's Hub	4,318	540								4,858
Nelson Mandela	(2,000)	1,500	500							0
Chester Le Child Care Centre	(300)	300								0
St Andrew Cost	300	500								800
Chester Le Community Spaces	400									400
Centre D	(1,200)	(1,100)								(2,300)

### Project Financing

The Children's Services' 2010-2019 Recommended Capital Plan is funded from Provincial grants for \$40.0 million or 61%; debt of \$14.886 million or 23%; reserve funds of \$5.186 million or 8%; development charges of \$2.409 million or 4%; other revenue of \$1.753 million or 3%; and ISF funding of \$1.619 million or 2%.

#### *10-Year Recommended Capital Plan Versus Multi-Year Debt Targets*

The 2010-2019 Recommended Capital Plan for Children's Services is above the debt affordability target by \$0.400 million in 2010, but meets the debt target in all of the following years.

The Program exceeds the debt target in 2010, as \$0.400 million in 2008 funding is recommended to be carried forward into 2010 in order to complete the construction of the Chester Le Child Care Centre Community Spaces project. The Chester Le Child Care Centre project, approved in 2008, was deferred in 2009, due to delays in obtaining approval from the Toronto District School Board. In accordance with the City's carry forward policy, any debt associated with a project that is not completed within two years, must be considered as new debt.

#### *Infrastructure Stimulus Fund (ISF)*

The following table summarizes the Federal Infrastructure Stimulus Fund project for Children's Services:

#### **Infrastructure Stimulus Funding 2010-2011**

Sub-Project	Total				2009			2010			2011		
	Total	Debt	ISF	Other	Debt	ISF	Other	Debt	ISF	Other	Debt	ISF	Other
Regent Park Children's Hub	5,397	1,650	1,799	1,948	165	180	195	1,320	1,439	1,558	165	180	195
Total	5,397	1,650	1,799	1,948	165	180	195	1,320	1,439	1,558	165	180	195

Through Canada's Economic Action Plan, the federal government has recently established a new \$4.0 billion Federal Infrastructure Stimulus Fund (ISF). The ISF complements existing federal and provincial infrastructure funding by focusing on short-term objectives for economic stimulus.

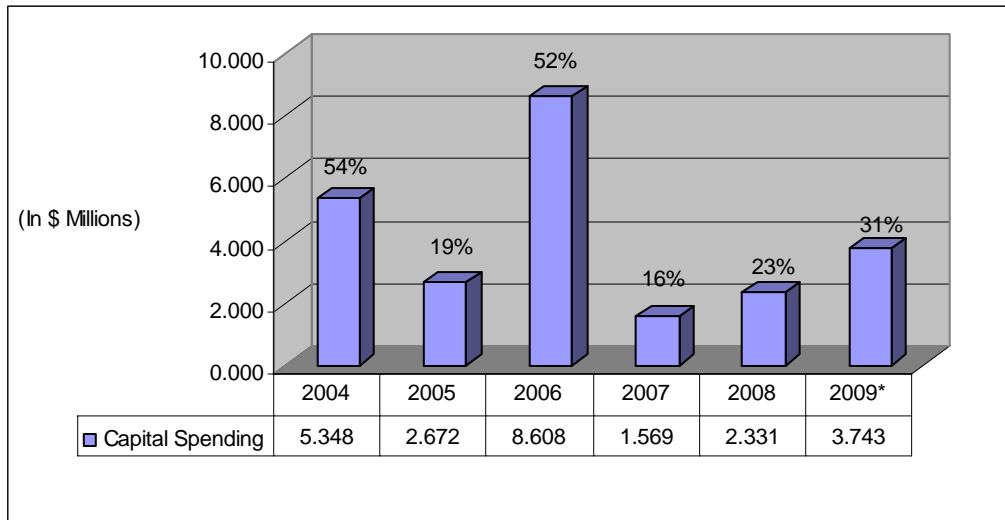
Children's Services has approved funding in the 10-Year Recommended Capital Plan of \$5.397 million of ISF program funding. This project (formerly the 30 Regent Park Relocation) will serve as a community hub, and be located in a new 12,500 square foot facility with two above-grade floors and a basement, providing the following services: the Regent Park Child Care Centre, Parents for Better

Beginnings (not-for-profit agency assisting parents with early childhood development) and Regent Park Focus Media Arts Centre (not-for-profit agency focussed on drug prevention through providing youth with access to media technology). The Regent Park Children’s Hub will provide 40 spaces for infants and toddlers, including 10 new spaces for full day infant care.

**Program Capacity and Readiness to Proceed**

Children's Services spent \$0.524 million or 4.7% of its 2009 approved cash flow of \$11.144 million at the end of September, 2009. Actual expenditures by year-end are projected to be \$4.551 million or 40.5% of the 2009 Approved Capital Budget. Spending levels are traditionally low for Children’s Services, as much of the capital spending is outside the Program’s control, with spending levels dependant on Provincial funding, and timing dependant on Toronto District School Board, or Toronto Community Housing Corporation approvals.

**Children’s Services Capital Budget Spending (2004-2009)**



Note: 2009 Year-End Capital Budget Spending Rate Projection as of September 30, 2009.

The 10-Year Recommended Capital Plan is comprised of a \$5.0 million annual budget for the Health and Safety program, the construction of four child care centres and SOGR maintenance of the City’s municipally operated child care centres.

The 2010 Recommended Capital Budget and 2011-2019 Capital Plan includes \$5.0 million per year for the Health and Safety program; as the cash flow for this project is assumed to be \$4.0 million or 80% funded by the Province, Children’s Services spending levels are reduced when the Provincial share is not received, as is frequently the case. The Program regularly spends 100% of the City’s portion of this Program, which is 20% debt funded or \$1.0 million. However, as reflected in the 2004 spending rate of 54%, and in the 2006 spending rate of 52%, when the Province contributes its share - or a portion - to the Health and Safety Program (\$2.6 million was received in 2004; and \$4.0 million in 2006), the spending rate increases significantly.

Children’s Services’ 2010 Recommended Capital Budget and 2011-2019 Capital Plan includes funding of \$12.823 million for the construction of six child care centres; four are being co-ordinated

with school boards, and two are co-ordinated with Toronto Community Housing Corporation (TCHC) as part of the Regent Park Revitalization initiative. Construction of these projects is managed through third parties, as Children's Services must rely on the school boards to co-ordinate the site selection and the site lay-out, as the child care centres are normally constructed on school board land. Before construction can begin, consensus must be reached between the school board and the third party service providers on the site and the centre requirements, which determine the site lay-out. For the Regent Park Revitalization initiatives, Children's Services relies on TCHC to co-ordinate the project lay-out and the timing of the construction with the school boards. As a result, timing of the project phases is difficult to estimate, creating delays in spending. However, sufficient lag time is included in the 10-Year Recommended Capital Plan to complete the projects as planned.

### **Backlog – State of Good Repair (SOGR) and Unmet Service Needs**

**State of Good Repair:** In order to maintain City-owned facilities in a the state of good repair, a Municipal Child Care (MCCS) State Of Good Repair project of \$0.300 million is recommended annually to maintain 20 municipally owned and operated day care centres. This project is based on a building condition assessment completed by Facilities and Real Estate (F&RE) in December, 2006. Based on the age and condition of the municipally owned child care centres, with an asset value of \$27.174 million, the building assessment study recommended annual funding of \$0.300 million, which is included in the 10-Year Recommended Capital Plan.

Children's Services does not have a SOGR backlog at the end of 2009, and is not projecting a backlog at the end of the 10-Year Recommended Capital Plan period.

### **Capital Projects Highlights**

The 10-Year Recommended Capital Plan reflects the strategic direction of Children's Services' Service Plan, and supports two key priority actions outlined in the Mayor's and Council's policy agenda, as noted:

#### **Invest in the City's 13 Priority Neighbourhoods:**

Children's Services' 2010 Recommended Capital Budget and 2011-2019 Capital Plan supports the strategic priority to "invest in the City's 13 Priority Neighbourhoods". Over the next three years, \$4.465 million will be allocated for the construction of four new child care centres that will address the need to provide access to quality licensed subsidized childcare in under served areas. The centres are: the Thorncliffe Child Care Centre; the Chester Le Child Care Centre; the St Andrew Child Care Centre; and the Enderby Child Care Centre.

#### **Affordable Housing and Homelessness**

As part of the Regent Park Revitalization initiative, the 10-Year Recommended Capital Plan includes \$8.385 million to construct two new child care centres, as existing centers are being demolished. The Centres are: the Regent Park Children's Hub; and the Nelson Mandela Child Care Centre.

### Summary of Major Capital Initiatives

(In \$Thousands)	2010 Rec. Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2010-2019 Total
<b>New &amp; Expansion Facility Projects</b>											
Thorncliffe Park Child Care Centre	500										500
Sub-Total	500	0	0	0	0	0	0	0	0	0	500
<b>Other Major City Initiatives:</b>											
Regent Park Children's Hub	4,318	540									4,858
Nelson Mandela PS Renovation	500	2,500	500								3,500
Chester Le	2,165	300									2,465
St Andrew	1,000	500									1,500
118 Enderby	30										30
Sub-Total	8,013	3,840	500	0	0	0	0	0	0	0	12,353
<b>Total</b>	<b>8,513</b>	<b>3,840</b>	<b>500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,853</b>

The 10-Year Recommended Capital Plan provides new funding of \$0.500 million in 2010 for the completion of the Thorncliffe Child Care Centre, which, through the use of portables, will add 62 additional spaces to the original configuration, increasing the Thorncliffe Child Care Centre to 119 spaces.

The 10-Year Recommended Capital Plan provides funding for the two Regent Park Revitalization initiatives: \$4.858 million for the Regent Park Children's Hub with a service capacity of 40 spaces, which will be located in a new two-story building to be used by two other social service agencies that serve the community; and \$3.5 million for the Nelson Mandela Public School Renovation, a new child care centre that combines the Blevins Day Centre with 48 spaces (being relocated as part of the revitalization initiative) with a new facility adjacent to the Nelson Mandela Public School, providing an additional 30 spaces for a total of 78 spaces.

The 10-Year Recommended Capital Plan also provides funding for the completion of three child care centres that will address the need to provide access to quality licensed subsidized childcare in under served areas. The construction of Chester Le Child Care Centres, adjacent to Chester Le Junior Public School for \$2.465 million will add 66 spaces; and St. Andrew Child Care Centre, adjacent to St. Andrew Catholic School for \$1.5 million, will add 46 spaces; and \$0.030 million to complete the Enderby Child Care Centre, with 62 spaces.

### 10-Year Plan

#### Incremental Operating Impact Summary

There are no program operating costs arising from the approval of the 2010 Recommended Capital Budget and 2011 – 2019 Recommended Capital Plan.

The construction of new and replacement child care centres included in the 10-Year Recommended Capital Plan will have no operating budget impact, as these centres will be operated as Purchased Service centres; the new spaces are reallocated from areas currently receiving more than their equitable share of service to under served, high needs areas.

New incremental debt service costs for the 2010 Recommended Capital Budget total \$0.076 million, while new incremental debt service costs for the 2011 – 2019 Recommended Capital Plan total \$1.799 million.

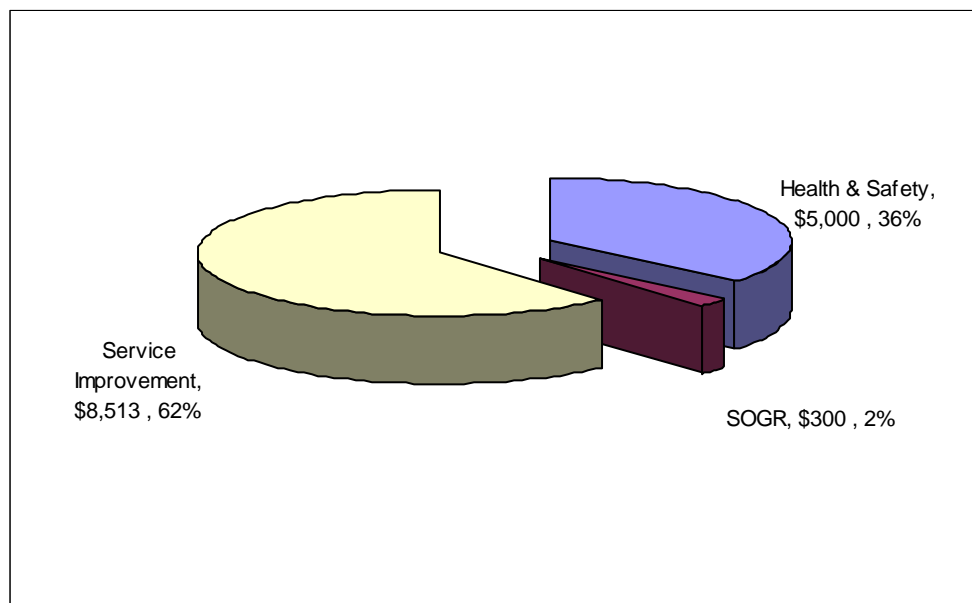
**Total 2010 Recommended Cash Flow & Future Year Commitments (\$000s)**

	2008 & Prior Year Carry Forwards	2010 Previously Approved Cash Flow Commitments	2010 New Cash Flow Rec'd	2010 Total Cash Flow Rec'd	2009 Carry Forwards	Total 2010 Cash Flow (Incl 2008 C/Fwd)	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total Cost
<b>Expenditures</b>																
Previously Approved	1,230	6,783		8,013	1,835	9,848	3,840	500								14,188
Change in Scope			500	500		500										500
New			5,300	5,300		5,300										5,300
New w/Future Year				0		0										0
<b>Total Expenditure</b>	1,230	6,783	5,800	13,813	1,835	15,648	3,840	500		0	0	0	0		0	19,988
<b>Financing</b>																
Debt	400	1,321	1,300	3,021	600	3,621	165									3,786
Reserves/Res Funds	830	954	312	2,096	1,235	3,331	2,590	500								6,421
Development Charges		1,511	188	1,699		1,699	710									2,409
ISF		1,439		1,439		1,439	180									1,619
Other 3 <sup>rd</sup> Party		1,558		1,558		1,558	195									1,753
Provincial/Federal			4,000	4,000		4,000										4,000
<b>Total Financing</b>	1,230	6,783	5,800	13,813	1,835	15,648	3,840	500	0	0	0	0	0		0	19,988

- Children's Services' 2010 Recommended Capital Budget is \$15.648 million provides funding for 2009 projects carried forward into 2010 of \$1.835 million; previously approved 2010 commitments of \$6.783 million; \$1.230 million in carry forward funding from 2008 to 2010; and \$5.8 million for new / change in scope projects.
- Two Child Care Centres require 2009 carry forward funding of \$1.835 million, with \$1.035 million for Chester Le; and \$0.800 million for St. Andrews, as ongoing negotiations with the school boards and third party service providers have resulted in construction delays.
- Approval of the 2010 Recommended Capital Budget requires new funding of \$5.8 million with \$1.3 million debt funding, comprised of: \$5.0 million for the Health and Safety project (\$1.0 million debt); \$0.500 million for an increase in construction costs at Thorncliffe Child Care Centre (42 additional spaces with \$0.312 million reserve and \$0.188 million DC funding); and the Municipal Child Care Centre state of good repair maintenance project of \$0.3 million fully debt funded.
- The 2010 Recommended Capital Budget includes commitments of \$3.840 million in 2011, comprised of funding for the Nelson Mandela PS Renovation project, Regent Park Children Children's Hub project, and the completion of the Chester Le Child Care Centre and the St Andrew Child Care Centre projects. Commitments of \$0.500 million are required in 2012 for the completion of the Nelson Mandela Public School Renovation project.

## 2010 Recommended Capital Budget: Overview

### Capital Budget by Project Category



The following summarizes the allocation of recommended funding by project category:

- *Service Improvement projects* account for \$8.513 million or 62% of the 2010 recommended cash flow and are comprised of new and previously approved funding for design and construction of five child care centres adding 194 new and 155 replacement spaces, for a total of 349 child care spaces.
- *Health and Safety projects* account for 36% or \$5.0 million of new funding in 2010 for the Health & Safety/Playground Program to address ongoing health and safety issues, including playground retrofits in community child care programs; and
- *State of Good Repair projects* account for 2% or \$0.3 million of new funding in 2010 for state of good repair for municipally operated child care centres.

### 2010 Recommended Capital Budget versus Debt Target

The 2010 Recommended Capital Budget requires new 2010 cash flow of \$13.813 million with debt funding of \$3.021 million. This cash flow, combined with 2009 funding carried forward into 2010 of \$1.835 million, results in a total 2010 Recommended Capital Budget of \$15.648 million. The 2010 Recommended Capital Budget for the Children's Services exceeds the 2010 debt affordability target of \$2.621 million by \$0.400 million, as the funding must be carried forward into 2010 to complete the construction of the Chester Le Child Care Centre. Carry forward projects with debt financing are treated as new debt after two fiscal years. As this project is on Toronto District School Board land, the project was delayed due to the ongoing negotiations with the school board, required to secure agreement on the site and building design.

### Capacity and Readiness to Proceed

Children's Services' 2010 Recommended Capital Budget spending rate and capacity to spend will be impacted by the Safety Playground Program of \$5.0 million; the New Child Care Centre projects of \$3.665 million; and Regent Park Redevelopment initiatives of \$4.818 million.

- As the cash flow for the Safety Playground Program of \$5.0 million is 80% funded by the Province or \$4.0 million, Children's Services spending rate will be impacted if the Provincial funding is not received, as is frequently the case. The Program regularly spends 100% of the City's portion of this Program, which is 20% debt funded for \$1.0 million.
- The Program is also impacted by delays in the construction of new child care centres, which are often outside the Program's control, as the delivery of the new child care centres is normally managed through a third party. Children's Services must rely on the school boards to co-ordinate the site selection and the site lay-out, as the child care centres are normally constructed on school board land. Before construction can begin, consensus must be reached between the school board and the third-party service providers on the site and the centre requirements, which determine the site lay-out. These negotiations regularly take up to two years to complete before the construction can begin.
  - As Chester Le Child Care Centre and St Andrew Child Care Centre have confirmed sites, and agreement on the architectural designs, the projects can proceed. The project layouts have been sent to City Planning for building permits, with significant construction to commence in 2010, with completion dates of 2011 for both projects.
- For the Regent Park initiatives, Children's Services relies on TCHC to co-ordinate the timing and construction of the child centre replacement projects
  - Based on revised estimates from TCHC, the Nelson Mandela Public School Renovation project of \$3.5 million has been deferred, with new 2010 cash flow requirements of \$0.500 million for the project design, with construction commencing 2011, with scheduled completion in 2012.
  - The Regent Park Children's Hub project of \$5.397 million is well underway, requiring \$4.318 million cash flow in 2010, is scheduled for completion in 2011.

### Capital Project Highlights

The 2010 Recommended Capital Budget provides funding that advances the priority action in the Mayor's and Council strategic direction of **Strengthening our Neighbourhoods** by increasing the number of child care centres in under-served communities.

The 2010 Recommended Capital Budget supports the following two strategic priorities:

#### ***Invest in the City's 13 Priority Neighbourhoods***

Children's Services 2010 Recommended Capital Budget supports the strategic priority to "invest in the City's 13 Priority Neighbourhoods", by investing \$3.695 million in 2010 to continue the construction of four new child care centres that will address the need to provide access to quality licensed subsidized childcare in under served areas. These projects will provide an additional 154 child care spaces, and include following: the Chester Le Child Care Centre for \$2.165 million (66 new spaces); the St Andrew Child Care Centre for \$1.0 million (46 new spaces); and \$0.500 million for the

completion of the Thorncliffe Park Child Care Centre (42 new spaces); and 118 Enderby for \$0.030 million.

***Affordable Housing and Homelessness***

Children's Services' 2010 Recommended Capital Budget also supports the strategic priority of "transforming and revitalizing social housing communities" by including two projects as part of the Regent Park Revitalization Plan: \$3.5 million for the new child care centre as part of the Nelson Mandela Park School Renovation (scheduled for completion in 2011, with 30 additional spaces); and \$4.318 million to complete the relocation of the 30 Regent Street – Child Care Centre to the new Regent Park Children's Hub (scheduled for completion in 2011, with 10 additional spaces).

The 2010 Recommended Capital Budget of \$13.813 million provides funding to:

- Address health and safety issues, including playground retrofits so that equipment is in compliance with the licensing requirements under the Day Nurseries Act of \$5.0 million; and the State of Good Repair upgrades to City owned child care centres of \$0.3 million;
- Continue the construction of the Regent Park Children's Hub project for \$4.318 million; the Chester Le Child Care Centre project of \$2.165 million; St Andrew Child Care Centre project for \$1.0 million; add 42 spaces to the Thorncliffe Park Child Care Centre project of \$0.500 million, (increasing the capacity from 77 to 119 spaces); and the Nelson Mandela Public School Renovation for \$0.500 million; and
- Complete the child care centre at 118 Enderby of \$0.030 million.

**PART II: ISSUES FOR DISCUSSION****2010 Recommended Capital Budget Issues****Adequacy of Reserves:**

The Child Care Capital Reserve Fund was established in 1997, and is used to fund the construction of new child care centres in under-served priority neighbourhoods, and to maintain child care spaces throughout the City. Over the next two years, \$6.009 million will fund the construction of six previously approved child care centres (four capital and two operating grants) that will address the need to provide access to quality licensed subsidized childcare in under served areas.

When the Child Care Capital Reserve Fund was established in 1997, the surplus from user revenues and interest income were contributed to the reserve. Since 2007, the contributions to the reserve have been limited to interest income. The projected balance at the end of 2014 will be \$4.295 million. Without an additional funding source, it is questionable whether there will be sufficient funds in the Child Care Capital Reserve Fund for the Program to develop additional sites that support the development of new child care centres in under-served, priority neighbourhoods. The sustainability of the reserve will be reviewed in time for the 2011 Capital Budget process.

## Appendix 1

### 10-Year Recommended Capital Plan Project Summary

Project (\$000's)	2010	2011	2012	2013	2014	2010-2014	2015	2016	2017	2018	2019	2010-2019
MCCS - State of Good Repair	300	300	300	300	300	1,500	300	300	300	300	300	3,000
Regent Park Child Care Hub	4,318	540				4,858	-	-	-	-	-	4,858
Nelson Mandela PS Renovation	500	2,500	500			3,500						3,500
118 Enderby Child Care	30					30						30
Health and Safety/ Playground Program	5,000	5,000	5,000	5,000	5,000	25,000	5,000	5,000	5,000	5,000	5,000	50,000
New Child Care Centres	3,665	800				4,465						4,465
<b>TOTAL</b>	<b>13,813</b>	<b>9,140</b>	<b>5,800</b>	<b>5,300</b>	<b>5,300</b>	<b>39,353</b>	<b>5,300</b>	<b>5,300</b>	<b>5,300</b>	<b>5,300</b>	<b>5,300</b>	<b>65,853</b>

**Appendix 2**  
**2010 Recommended Capital Budget; 2011 to 2019**  
**Capital Plan**

**Appendix 3**  
**2010 Recommended Cash Flow and Future Year**  
**Commitments**



**Appendix 4**  
**2010 Recommended Capital Projects**  
**with Financing Details**

## Appendix 5 Reserve / Reserve Fund Review

Reserve / Reserve Fund Name	Project / Sub Project Name and Number	Projected Balance as of December 31, 2009	Proposed Withdrawals											
			2010 Rec. Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2010-2019 Total	
XR1103 Child Care Capital Reserve Fund	Beginning Balance	9,758.1												9,758.1
	Operating Draw		(400.0)	(400.0)	(400.0)	(400.0)	(400.0)	(400.0)	(400.0)	(400.0)	(400.0)	(400.0)	(4,000.0)	
	CHS06221- 3 118 Enderby		(30.0)										(30.0)	
	CHS906381 - 4 Chester Le Centre		(487.0)										(487.0)	
	CHS906381 - 5 Chester Le Centre		(605.0)										(605.0)	
	CHS906381 - 6 St Andrew		(1,346.0)										(1,346.0)	
	CHS906381 - 9 Chester Le Centre		(213.0)	(208.0)									(421.0)	
	CHS906381 - 10 St Andrew Cost Increase			(369.0)									(369.0)	
	CHS906381 - 12 Thorncliffe Park Cost Increase		(351.0)										(351.0)	
	Total Projected Withdrawals			(3,432.0)	(977.0)	(400.0)	(400.0)	(400.0)	(400.0)	(400.0)	(400.0)	(400.0)	(400.0)	(7,609.0)
Projected Contributions			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Interest Income *			41.0	30.0	27.0	25.0	23.0	21.0	19.0	17.0	15.0	13.0	231.0	
<b>Total Reserve / Reserve Fund Balance at Year-end</b>		<b>9,758.1</b>	<b>6,367.1</b>	<b>5,420.1</b>	<b>5,047.1</b>	<b>4,672.1</b>	<b>4,295.1</b>	<b>3,916.1</b>	<b>3,535.1</b>	<b>3,152.1</b>	<b>2,767.1</b>	<b>2,380.1</b>	<b>2,380.1</b>	

\* Interest Income calculated on average annual balance @ .5%;

Reserve / Reserve Fund Name	Project / Sub Project Name and Number	Projected Balance as of December 31, 2009	Proposed Withdrawals											
			2010 Rec. Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2010-2019 Total	
XR2106 Development Charges RF- Childcare	Beginning Balance	1,044.0												1,044.0
	Thorncliffe Park Child Care Centre		(144.0)										(144.0)	
	Chester Le Child Care Centre		(611.0)										(611.0)	
	St Andrew Child Care Centre		(294.0)										(294.0)	
	Total Proposed Draws		(1,049.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1,049.0)	
Interest Income *			5.0										5.0	
<b>Total Reserve Fund Balance at Year-end</b>		<b>1,044.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

\* Interest Income calculated on average annual balance @ .5%

Reserve / Reserve Fund Name	Project / Sub Project Name and Number	Projected Balance as of December 31, 2009	Proposed Withdrawals											
			2010 Rec. Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2010-2019 Total	
XR2122 Development Charges RF- Childcare	Beginning Balance	0.0												0.0
	Thorncliffe Park Child Care Centre		(44.0)										(44.0)	
	Chester Le Child Care Centre		(284.0)	(210.0)									(494.0)	
	St Andrew Child Care Centre		(322.0)	(500.0)									(822.0)	
	Total Proposed Draws		(650.0)	(710.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1,360.0)	
	Revenue - Development Charges			650.0	710.0	780.0	860.0	940.0	970.0	1,000.0	1,030.0	1,060.0	1,090.0	9,090.0
	Interest Income *					2.0	7.0	11.0	16.0	21.0	26.0	31.0	37.0	151.0
<b>Total Reserve Fund Balance at Year-end</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>782.0</b>	<b>1,649.0</b>	<b>2,600.0</b>	<b>3,586.0</b>	<b>4,607.0</b>	<b>5,663.0</b>	<b>6,754.0</b>	<b>7,881.0</b>	<b>7,881.0</b>	

\* Interest Income calculated on average annual balance @ .5%

## Appendix 5 Reserve / Reserve Fund Review – Corporate

Reserve / Reserve Fund Name (In \$Thousands)	Balance as of September 30, 2009	Proposed Withdrawals										2010-2019 Total	
		2010 Rec. Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Fore.	2016 Fore.	2017 Fore.	2018 Fore.	2019 Fore.		
XQ0011 Capital Financing Reserve	150,311,802.0												0.0
Nelson Mandela Public School Renovation		500.0	2,500.0	500.0									0.0
													0.0
													0.0
													0.0
<b>Total Reserve / Reserve Fund</b>	<b>150,311,802.0</b>	<b>500.0</b>	<b>2,500.0</b>	<b>500.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3,500.0</b>

## Appendix 6 2010 to 2019 New and Expansion Facility Projects

Projects (In \$Thousands)	2010 Rec. Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2010-2019 Total
Thorncliffe Park Child Care Centre	500										0 500 0 0 0 0
<b>Total</b>	500	0	0	0	0	0	0	0	0	0	500