

Analyst Briefing Notes

Budget Committee

November 3, 2009

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PART I: CAPITAL PROGRAM**Executive Summary**

- Funding for the 10-Year Recommended Capital Plan focuses on the implementation of the Revitalization of Union Station. The funding will provide for the design and construction of revenue and transportation enhancement projects to make Union Station a multi-modal transportation and retail destination.

- The following summarizes the allocation of recommended funding by project type:

Construction Contracts: Pending completion of a detailed construction plan, including staging and phasing; the 10-Year Recommended Capital Plan is primarily comprised of one large project consisting of all the components of this large undertaking. Once the construction plan is completed, the various components will be itemized and supported by detailed business cases. It is anticipated that it will be in place for the 2011 Capital Budget Process.

Professional Services: The construction work required to complete the revitalization of the Station will require external professional services to provide additional technical and professional services. These services include legal, architectural/engineering, geotechnical and environmental.

Northwest PATH: The purpose of the North West PATH connection is to relieve the existing pedestrian congestion, support the revitalization of Union Station future downtown growth, and accommodate pedestrian activities generated by GO Transit's service expansion over the next twenty years. The new tunnel will start at the northwest corner of Union Station and extend northerly to York Street and immediately south to Wellington Street West.

- The 2009 Approved Capital Budget of \$45.773 million was 34.2% or \$15.667 million spent, as at September 30th, 2009. Actual expenditures by year-end are anticipated to be \$34.999 million or 76.5% of the 2009 Approved Capital Budget. This represents a projected increase of 116.3% or \$18.820 million in capital spending over the 2008 spending rate of \$16.179 million.
 - The projection of 2009 funding to be carried forward into the 2010 Recommended Capital Budget is \$10.340 million. The multi-year projects requiring 2009 carry forward funding include the Pedestrian Bridge Project (\$0.800 million); Copper Roof Repairs (\$1.090 million); design and construction for the two lower concourses (\$4.950 million); and, the Northwest PATH (\$3.500 million).
- The 10-Year Recommended Capital Plan totals \$621.541 million, including 2009 carry forward funding into 2010 of \$10.340 million, of which \$605.367 million is projected for the first 5 years, with the final 5 years requiring funding of \$16.174 million or 2.6%.

- Over the 10-year planning horizon, City debt funding of \$119.589 million is required which accounts for 20% of the recommended cash flow funding. The 10-Year Recommended Capital Plan is funded from the Federal and Provincial Governments, in the combined amount of \$315.000 million or 52%. Recoverable Debt accounts for \$130.496 million or 21%. Development charges provide funding for approximately \$0.550 million. Funding from the Capital Financing Reserve amounts to 3% or \$20.631 million. Other Sources of Revenue, which includes funding from VIA Rail, represents the remaining 4% or \$24.935 million.
- Changes to the 2009-2018 Approved Capital Plan amount to \$34.899 million or 6.1% compared to the 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan. The timeframe for implementation has been accelerated; the revitalization will be completed by 2015/2016. SOGR/Heritage requirements have been identified for the East Wings; included in 2017.
- Union Station currently has a backlog, estimated at \$121.087 million by 2009 year-end representing 14.5% of Union Station's asset value of \$830.000 million. It is anticipated that this level will be reduced to zero by the end of 2019.
- A construction phasing plan will be developed. A report will be going forward to Government Management Committee on November 9, 2009 to recommend a General Contractor-Construction Management (GC/CM) firm. Confirmation of spending \$139.322 million in 2010 can be provided once the phasing/construction plan is finalized.
- The 2010 Recommended Capital Budget for previously approved and new/change in scope projects (excluding 2009 carry forward funding into 2010) of \$611.201 million is 20% allocated to state of good repair projects at \$121.087 million and 80% to service improvement projects at \$490.114 million.
- Approval of the 2010 Recommended Capital Budget will result in a commitment to future year funding for new/change in scope projects of \$156.104 million in 2011; \$105.912 million in 2012; \$103.810 million in 2013; \$51.219 million in 2014 and \$6.174 million in 2015.
- The 2009 summer labour disruption created some proposal and contract delays but will not significantly impact Union Station's ability to deliver the 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan.
- The 2010 Recommended Capital budget of \$139.322 million provides funding to:
 - Continue the design work on the revitalization of the Station.
 - Begin construction of the Bay Street and the York Street Concourses. This includes finalizing the implementation strategy to facilitate the construction of the concourses under the Great Hall.
 - Begin the restoration of the public spaces within the Station.
 - Complete the detailed design and costing phase of the Northwest PATH.

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. Council approve the 2010 Recommended Capital Budget for Union Station with a total project cost of \$540.201 million, and 2010 cash flow of \$139.322 million and future year commitments of \$472.219 million comprised of the following:
 - a) New Cash Flow Funding for:
 - i) 15 new/change in scope sub-projects with a 2010 total project cost of \$540.201million that requires cash flow of \$116.982 million in 2010 and a future year commitment of \$156.104 million in 2011; \$105.912 million in 2012; \$103.810 million in 2013; \$51.219 million in 2014; and, \$6.174 million in 2015;
 - ii) 1 previously approved sub-project with a 2010 cash flow of \$12.000 million and a future year commitment of \$19.500 million in 2011; \$19.000 million in 2012; \$10.000 million in 2013; and, \$0.500 million in 2014;
 - b) 2009 approved cash flow for 4 previously approved sub-projects with carry forward funding from 2009 into 2010 totalling \$10.340 million;
2. Council approve the new debt costs of \$0.302 million in 2010 and incremental debt costs of \$2.054 million in 2011, \$3.809 million in 2012, \$2.862 million in 2013, \$3.296 million in 2014, \$1.527 million in 2015 and \$0.329 million in 2016 resulting from the approval of the 2010 Recommended Capital Budget, to be included in the 2010 and future year operating budgets; and,
3. Council approve the 2011-2019 Recommended Capital Plan for Union Station totalling \$482.219 million in project estimates, comprised of \$175.604 million in 2011; \$124.912 million in 2012; \$113.810 million in 2013; \$51.719 million in 2014; \$6.174 million in 2015 and \$10.000 million in 2017.

PART I: CAPITAL PROGRAM

2009 Capital Variance Review

2009 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2009 Approved	Actuals as of September 30th (3rd Qtr Variance)		Projected Actuals at Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
45,773	15,667	34.2%	34,999	76.5%	10,774

Union Station’s 2009 Approved Capital Budget of \$45.773 million was 34.2% or \$15.667 million spent as of September 30th, 2009. Actual expenditures by year-end are anticipated to be \$34.999 million or 76.5% of the 2009 Approved Capital Budget. This represents a projected increase of 116.3% or \$18.820 million in capital spending over the 2008 spending rate of \$16.179 million or 74%. Some delays in project spending are due to ongoing negotiations with funding partners.

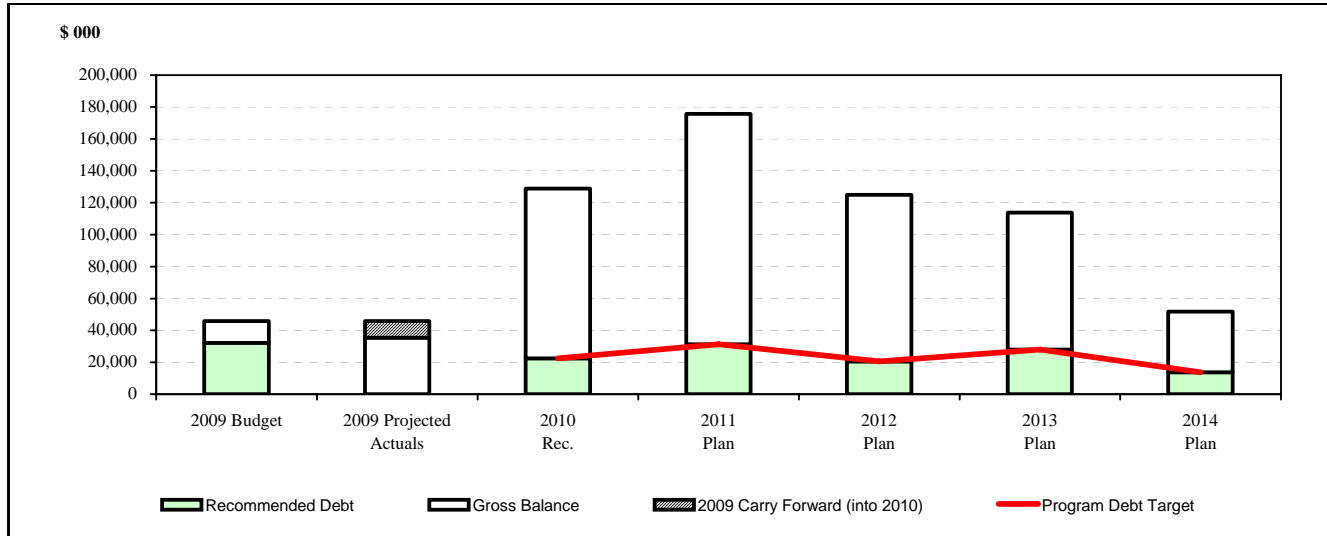
State of Good Repair projects represent 27% or \$12.308 million of the 2009 Approved Capital Budget. The projected year end spending will be approximately 84.6% or \$10.417 million which represents an increase over the 2008 expenditure of \$3.262 million. The key State of Good Repair Projects include:

- The Pedestrian Bridge project
- Structural repairs
- Copper roof repairs
- The replacement of Terrazzo Flooring in the Great Hall.

The funding from 2009 carried forward into 2010 included in the 2010 Recommended Capital Budget is \$10.340 million and is slightly lower than the projected unspent actual expenditures of \$10.774 million.

10-Year Capital Plan

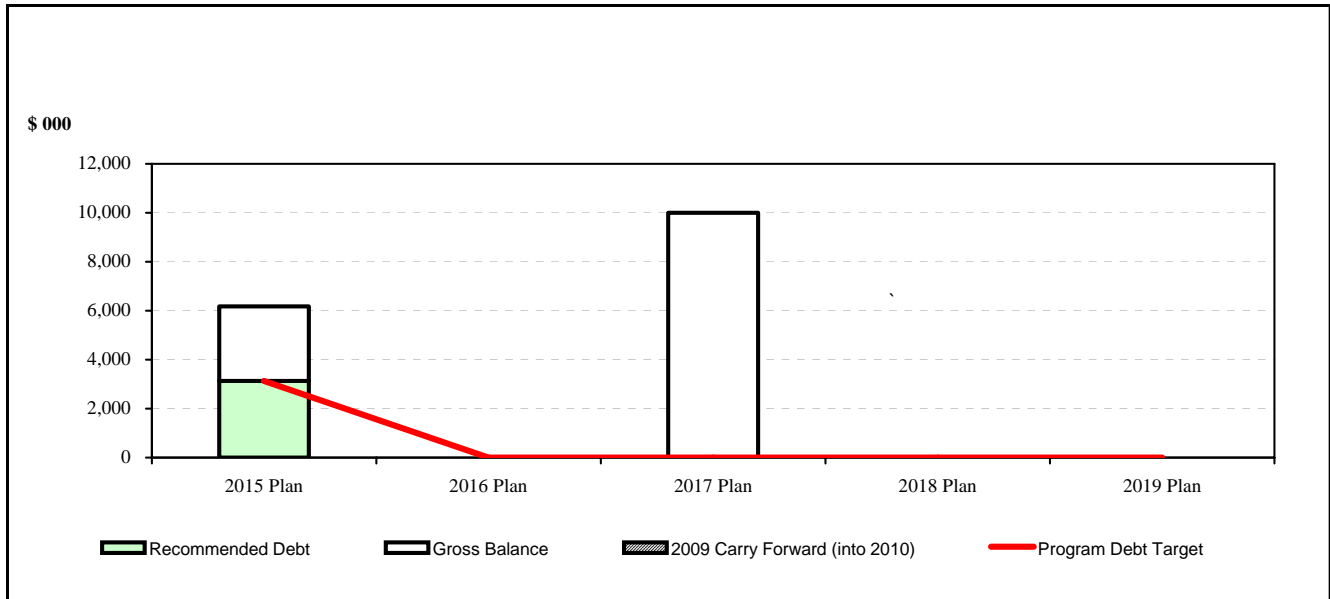
2010 Recommended Capital Budget, 2011-2014 Recommended Capital Plan



		2010 Rec. Budget and 2011-2014 Plan								
		2009		2010	2011	2012	2013	2014	2010-2014 Total	Five Year Percent
		Budget	Projected Actual							
Gross Expenditures:										
2009 Capital Budget & Approved FY Commitments		45,772	35,432	104,380	158,632	102,535	53,221	55,617	474,385	
Recommended Changes to Approved FY Commitments				(8,000)	(3,070)	1,000	9,570	500	0	
2010 New/Change in Scope and FY Commitments				32,602	20,042	21,377	51,019	(4,398)	120,642	
2011- 2014 Capital Plan Estimates										
1-Year Carry Forward to 2010			10,340							
Total Gross Annual Expenditures & Plan		45,772	45,772	128,982	175,604	124,912	113,810	51,719	595,027	
Program Debt Target		5,000		22,612	31,376	20,569	28,106	13,794	116,457	
Financing:										
Recommended Debt		32,262		22,612	31,376	20,569	28,106	13,794	116,457	20%
Debt - Recoverable				14,582	50,866	26,452	14,836	23,760	130,496	22%
Reserves/Reserve Funds		4,000		5,824	8,093	6,714			20,631	3%
Development Charges				430	120				550	0%
ISF / RInC									0	0%
Provincial/Federal		6,587		72,734	85,149	71,177	58,733	14,165	301,958	51%
Other Revenue		2,923		12,800			12,135		24,935	4%
Total Financing		45,772		128,982	175,604	124,912	113,810	51,719	595,027	100%
By Category:										
Health & Safety		8,845								0%
Legislated										0%
SOGR		8,276		20,769	23,998	20,626	32,336	11,224	108,953	18%
Service Improvement		28,651		108,213	151,606	104,286	81,474	40,495	486,074	82%
Growth Related										0%
Total By Category		45,772		128,982	175,604	124,912	113,810	51,719	595,027	100%
Yearly SOGR Backlog Estimate (not addressed by current plan)										
Accumulated Backlog Estimate (end of year)			121,087	100,318	76,320	55,694	23,358	12,134	12,134	
Operating Impact on Program Costs										
Debt Service Costs				302	2,054	3,809	2,862	3,296	12,323	

10-Year Capital Plan

2015-2019 Recommended Capital Plan



	2015-2019 Capital Plan						
	2015	2016	2017	2018	2019	2010-2019 Total	10-Year Total Percent
Gross Expenditures:							
2009 Capital Budget & Approved FY Commitments	69,201	20,062	8,358	4,296		576,302	94%
Recommended Changes to Approved FY Commitments	(69,201)	(20,062)	(8,358)	(4,296)		(101,917)	-17%
2010 New/Change in Scope and FY Commitments	6,174					126,816	21%
2015 - 2019 Capital Forecast Estimates			10,000		0	10,000	2%
Total Gross Annual Expenditures & Plan	6,174	0	10,000	0	0	611,201	100%
Program Debt Target	3,132	0	0	0	0	119,589	
Financing:							
Recommended Debt	3,132	0	0	0	0	119,589	20%
Debt - Recoverable						130,496	21%
Reserves/Reserve Funds						20,631	3%
Development Charges						550	0%
ISF / RInC							0%
Provincial/Federal	3,042		10,000			315,000	52%
Other Revenue						24,935	4%
Total Financing	6,174	0	10,000	0	0	611,201	100%
By Category:							
Health & Safety							0%
Legislated							0%
SOGR	2,134		10,000			121,087	20%
Service Improvement	4,040					490,114	80%
Growth Related							0%
Total By Category	6,174	0	10,000	0	0	611,201	100%
Yearly SOGR Backlog Estimate (not addressed by current plan)							
Accumulated Backlog Estimate (end of year)	10,000	10,000	0	0	0	0	
Operating Impact on Program Costs							
Debt Service Costs	1,527	329	0	0	0	14,179	

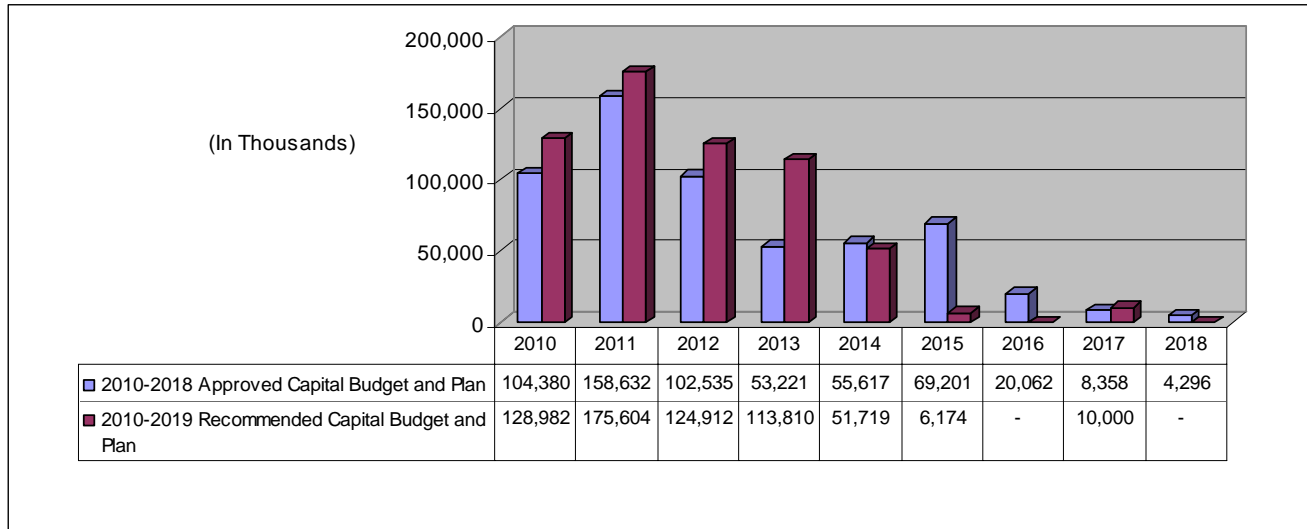
10-Year Capital Plan Overview

- Funding for the 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan focuses on the Revitalization of Union Station which includes renovation of the West Wing Office space for GO Transit, the creation of the two concourses, the renovation and restoration of VIA Rail areas and the renovation of all public spaces within the Station including the Great Hall and the ground floor of the East Wing.
- The 10-Year Recommended Capital Plan totals \$611.201 million, excluding carry forward funding, of which 20% or \$119.589 million is funded by debt. The remaining funding consists of contributions from the Federal and Provincial governments (\$315.000 million or 52%), revenues from VIA Rail (\$24.935 million or 4%), development charge funding (\$0.550 million), recoverable debt (\$130.496 million or 21%) and funding from the Corporate Financing Reserve (\$20.631 million or 3%).
- The 2009 summer labour disruption created some proposal and contract delays but will not significantly impact Union Station's program delivery for the 2010 Recommended Capital Budget and 2011-2019 Recommended Plan.
- The following summarizes the allocation of recommended funding by project category:
 - The 10-Year Recommended Capital Plan allocates significant financial resources to *State of Good Repair projects* to address the restoration needs of aging and deteriorating infrastructure. These projects account for \$121.087 million or 20% of the total planned cash flow of \$611.201 million. These projects include Exterior Repair and Restoration, the New West Wing/Centre Block Roof, and the Restoration and Repair of Other Interior Areas.
 - *Service Improvement projects* represent 80% or \$490.114 million of the 10-Year Recommended Capital Plan. Service improvement projects include the Northwest PATH, the Loading Dock project, the Bay Street West Teamway, the York Street East Teamway, the Bay Street Concourse and the York Street Concourse.
- Union Station currently has a significant infrastructure rehabilitation backlog, estimated at \$121.087 million by year-end representing 14.5% of Union Station's asset value of \$830.000 million. The 2010 Recommended Budget and 2011-2019 Recommended Capital Plan reflects a decrease in state of good repair backlog to zero by the end of 2019.

Key Changes to the 2009-2018 Approved Capital Plan

The following highlights the changes from the 2009-2018 Approved Capital Plan with the 2010-2019 Recommended Capital Budget and Plan. As outlined in the table below the 2010 Recommended Capital Budget of \$128.982 million in cash flow represents an increase of 23.6% or \$24.602 million compared to 2010 Approved Capital Plan estimate of \$104.380 million in 2009. Overall, there is a \$34.899 million or 6.1% increase in the 2010 Recommended Capital Budget and 2011-2018 Recommended Capital Plan over the 9 year period.

Changes to the 2009-2018 Approved Capital Plan



The major change to the revitalization project is an acceleration of the cash flow in the first five years of the plan in order to complete the refurbishments by 2015/2016.

In addition, heritage and SOGR needs have been identified in 2015 for the East Wing. Construction costs have been amended, with no impact on the overall recommended debt level for the project.

The 2009-2018 10-Year Approved Plan identified various SOGR components of the station in addition to revitalization/service improvement components. It is recognized within the 10-Year Recommended Capital Budget and Plan that the SOGR components are an integral part of the construction work to be carried out for the project as a whole. The large construction project contained in the 10-Year Recommended Capital Plan will be detailed for inclusion with the 2011-2020 Capital Plan. The following identifies a summary of the project changes:

Summary of Program Area Changes

Key Projects (\$000's)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2010 - 2018
North West PATH	(8,000)	(3,070)	1,000	9,570	500					0
Environmental - Proj Structure Adjustment	(9)	(9)	(9)							(27)
Interior Finishes - Proj Structure Adjustments	(1,749)	(2,792)	(3,764)							(8,305)
Expansion Joint Phase 2 - Proj Structure Adjustments	(329)	0	0	(1,440)						(1,769)
SOGR - Proj Structure Adjustments	(3,913)	(5,726)	(3,222)	(901)	(478)	(2,126)	(1,873)	(4,004)	(3,184)	(25,427)
Heritage - Proj Structure Adjustments	(1,250)	(1,250)	(1,250)							(3,750)
Revitalization Fees - Proj Structure Adjustments	(14,401)	(13,666)	(6,850)	(4,037)	(6,946)	(21,895)	(7,069)	(4,354)	(1,112)	(80,330)
Cooper Roof - Proj Structure Adjustment	(1,000)									(1,000)
Rev Enhancement - Proj Structure Adjustment	(19,283)	(54,386)	(41,697)	(25,056)	(21,071)	(14,460)	(10,268)			(186,221)
Loading Dock - Proj Structure Adjustments	(600)									(600)
Transportation - Proj Structure Adjustments	(33,008)	(48,833)	(27,743)	(21,357)	(27,122)	(30,720)	(852)			(189,635)
West Wing - Proj Structure Adjustments	(8,838)	(9,400)								(18,238)
Construction Contracts	76,224	113,894	77,715	66,362	35,927	2,064				372,186
Professional Services	18,489	14,712	6,071	3,612	2,568	1,976				47,428
Fees / Permits	1,000	3,000	1,000	1,000	1,000					7,000
Internal (City) Charges	500	500	500	500	500					2,500
East Wing - Future Year SOGR	0	0	0	0	0	0	0	10,000	0	10,000
Construction Contracts - SOGR	20,769	23,998	20,626	32,336	11,224	2,134	0	0	0	111,087

Project Financing

The 10-Year Recommended Capital Plan requires total funding of \$611.201 million, excluding carry forward funding. The funding is financed by the following sources:

- Debt funding in the amount of \$119.589 million.
- Recoverable Debt in the amount of \$130.496 million.
- Corporate reserve funds in the amount of \$20.631 million.
- Development Charge funding in the amount of \$0.550 million.
- Federal and Provincial Government funding in the amount of \$315.000 million.
- Other Revenue, from VIA Rail, in the amount of \$24.935 million.

The 10-Year Recommended Capital Plan requires total debt funding of \$119.589 million that meets the debt target. The debt level, in addition to the 2009 component of the project of \$28.411 million, totals \$148.000 million. This is consistent with the debt level approved in the report entitled “Head Lessee – Supplementary Report”, dated August 5, 2009.

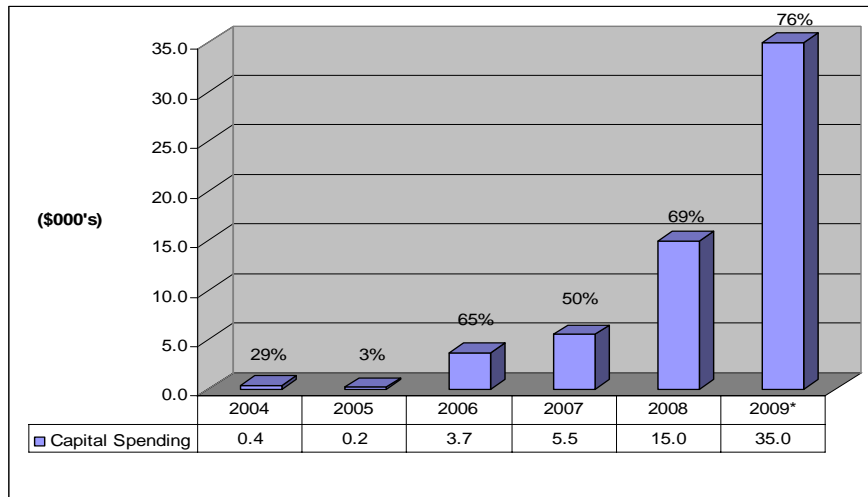
10-Year Recommended Capital Plan Versus Multi-Year Debt Targets

The 2010-2019 Recommended Capital Plan for Union Station meets the debt affordability target of \$119.589 million over the ten years of the Capital Plan.

Program Capacity and Readiness to Proceed

The Union Station 2009 Approved Capital Budget of \$45.773 million was 34.2% or \$15.667 million spent, at of September 30th, 2009. Actual expenditures by year-end are anticipated to be \$34.999 million or 76.5% of the 2009 Approved Capital Budget. The 2009 projected spending rate by year-end represents a continued improvement over the Program’s historic spending capacity. The last several years, with the exception of a minor decline in 2005 and 2007, have shown a consistent ramping up of capital spending, with 2004 expenditures of \$0.373 million (29%); 2005 expenditures of \$0.148 million (3%); 2006 expenditures of \$3.709 million (65%); 2007 expenditures of \$5.476 million (50%); and, \$156.179 million in 2008 (69%), as outlined in the graph below.

Union Station Capital Budget Spending (2004-2009)



The readiness to proceed will be dependent upon the construction phasing plan that is under development. The design phase of the project is currently underway. Negotiations with the funding partners and the head lessee are drawing to a close. Heritage and design plans are proceeding. A report entitled “Union Station Revitalization Award of Contracts” will be going to Government Management Committee on November 9, 2009 recommending the awarding of a General Contractor/Construction Manager for the project. The contractor will develop an implementation plan for the project.

State of Good Repair (SOGR) Backlog

Funding requirements to address state of good repair backlog at Union Station are projected to be \$121.087 million at the end of 2009 representing 14.5% of Union Station’s asset value of \$830.000 million. It is anticipated that this level will be reduced to zero by the end of 2019. Once the Station meets SOGR standards, an annual maintenance program will be undertaken. The estimated cash flow requirements to keep the Station in a SOGR will be included in the 2011-2020 Capital Plan.

Capital Projects Highlights

The 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan provides \$621.541 million in funding to support the revitalization of Union Station. This key project adheres to the Mayor and Council’s priorities. The key projects are noted below:

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
New & Expansion Facility Projects											
Construction Contracts	76,224	113,984	77,715	66,362	35,927	2,064					372,276
Northwest PATH	15,500	19,500	19,000	10,000	500						64,500
IT Projects											
Sub-total	91,724	133,484	96,715	76,362	36,427	2,064					436,776
Other Major Initiatives:											
East Wing - Future Year SOGR								10,000			
Sub-total								10,000			0
Total	91,724	133,484	96,715	76,362	36,427	2,064	0	10,000	0	0	436,776

Construction Contracts: This includes the construction work required to complete the Bay Street and York Street Concourses and the associated connections to improve pedestrian access routes within the Station; Heritage restoration work including interior and exterior work; the construction of new retail areas with the construction of a new lower retail promenade; the construction of a new loading dock facility; and the construction of the West Wing offices. The 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan provides funding of \$96.993 million in 2010, \$137.892 million in 2011, \$98.341 million in 2012, \$98.698 million in 2013, \$47.151 million in 2014 and \$4.198 million in 2015, totalling \$483.273 million, to complete the construction projects. The 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan includes the Construction Contract – SOGR project funding of \$110.087 million.

Professional Services: External professional services will be required to support the 5-year multi staged construction projects. The external professional services include architectural/engineering, legal counsel, cost estimating services, geotechnical and environmental engineers and heritage professional services. Major activities include the preparation of contract design drawings and specifications, contractual agreements, contract administration, project cost estimating and scheduling and heritage approval documentation. The 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan provides funding of \$18.489 million in 2010, \$14.712 million in 2011, \$6.071 million in 2012, \$3.612 million in 2013, \$2.568 million in 2014 and \$1.976 million in 2015 totalling \$47.428 million.

Northwest PATH Connection: The North West PATH connection is required to relieve the existing pedestrian congestion and accommodate pedestrian activities generated by GO Transit and VIA Rail. The new tunnel will start at the northwest corner of Union Station and extend northerly to York Street and immediately south to Wellington Street West. The work will be undertaken within the same time frame as the TTC's Second Platform project and GO Transit's Trainshed Roof reconstruction. The 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan provides funding of \$15.5000 million in 2010, \$19.5000 million in 2011, \$19.000 million in 2012, \$10.000 million in 2013 and \$0.500 million in 2014 totalling \$64.500 million.

East Wing – Future Year SOGR: In 2016 the Bank of Nova Scotia will vacate the East Wing and it is anticipated that a considerable amount of SOGR work will be carried out at that time. An estimate of \$10.000 million is anticipated in 2017 to repair the East Wing skylights, East Wing windows and the

flat roof which are all Heritage components have been identified. Funding from the Federal Government will be pursued.

**10-Year Capital Plan:
Incremental Operating Impact Summary**

(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
2010 Recommended Capital Budget											
Program Costs (Gross)											
Program Costs (Revenue)											
Program Costs (Net)											
Approved Positions											
Debt Service Costs	302	1,991	3,450	2,466	2,513	(2,857)	(4,523)	(1,237)	(985)	(451)	669
Recommended 10-Year Capital Plan											
Program Costs (Gross)											
Program Costs (Revenue)											
Program Costs (Net)	0	0									
Approved Positions											
Debt Service Costs		63	359	396	783	4,384	4,852	1,237	985	451	13,510
Total											
Program Costs (Gross)	0	0	0	0	0	0	0	0	0	0	
Program Costs (Revenue)	0	0	0	0	0	0	0	0	0	0	
Program Costs (Net)	0	0	0	0	0	0	0	0	0	0	
Approved Positions	0	0	0	0	0	0	0	0	0	0	
Debt Service Costs	302	2,054	3,809	2,862	3,296	1,527	329	0	0	0	14,179

Debt Service cost of repayment of principal and interest is calculated according to corporate guidelines, in the following manner: 2.5% Year 1, and 13% for subsequent years.

At this point, it is projected that there will be no additional operating costs to the City arising from Union Station’s revitalization. It is anticipated that the head lessee and other tenants will fund all their operating costs as well as share expenses of common/public areas. These assumptions will need to be reviewed/confirmed as the revitalization reaches completion.

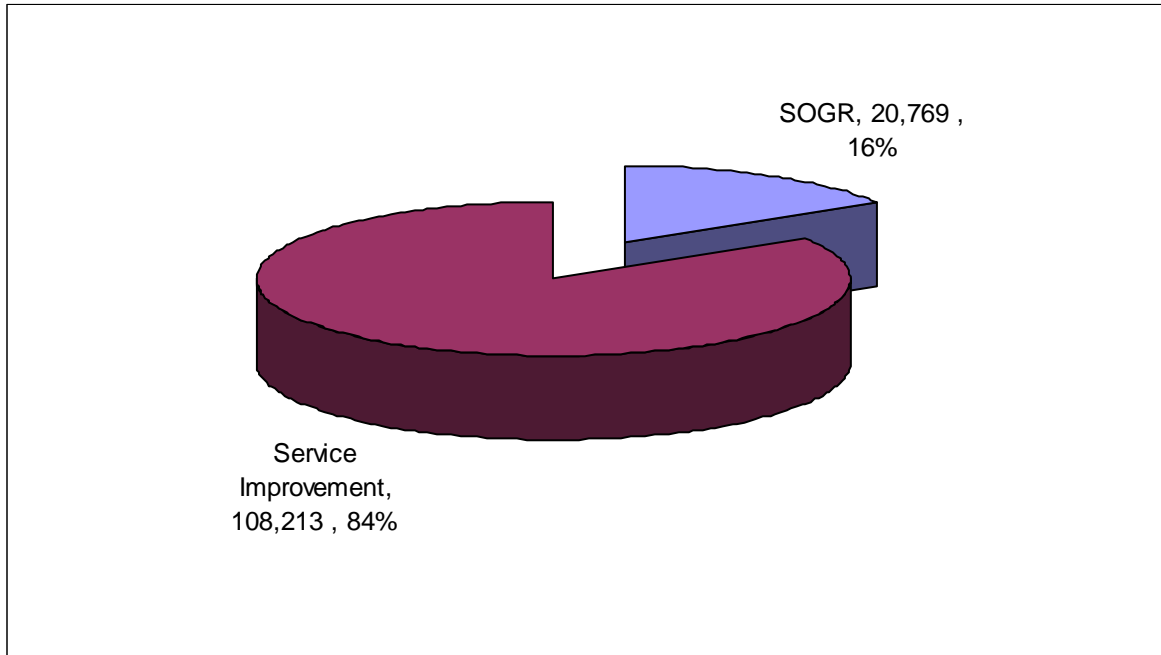
Total 2010 Recommended Cash Flow & Future Year Commitments (\$000s)

	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
Expenditures																
Previously Approved		96,380		96,380	10,340	106,720	155,562	103,535	62,791	56,117	69,201	20,062	8,358	4,296		586,642
Change in Scope			(84,380)	(84,380)		(84,380)	(136,062)	(84,535)	(52,791)	(55,617)	(69,201)	(20,062)	(8,358)	(4,296)		(515,302)
New				0		0										0
New w/Future Year			116,982	116,982		116,982	156,104	105,912	103,810	51,219	6,174					540,201
Total Expenditure	0	96,380	32,602	128,982	10,340	139,322	175,604	124,912	113,810	51,719	6,174	0	0	0	0	611,541
Financing																
Debt		10,519	12,093	22,612	1,890	24,502	31,376	20,569	28,106	13,794	3,132					121,479
Debt - Recoverable				14,582		14,582	50,866	26,452	14,836	23,760						130,496
Reserves/Res Funds		2,443	3,381	5,824	3,500	9,324	8,093	6,714								24,131
Development Charges		430		430		430	120									550
ISF						0										0
Other		73,861		12,800	4,950	17,750			12,135							29,885
Provincial/Federal		9,127	17,128	72,734		72,734	85,149	71,177	58,733	14,165	3,042					305,000
Total Financing	0	96,380	32,602	128,982	10,340	139,322	175,604	124,912	113,810	51,719	6,174	0	0	0	0	611,541

- The 2010 Recommended Capital Budget is \$139.322 million gross, including \$96.380 million in funding for previously approved projects, \$32.602 million for new/change in scope projects and \$10.340 million to fund projects carried forward from 2009 to 2010.
- Approval of the 2010 Recommended Capital Budget of \$139.322 will result in future year commitments of \$175.604 million in 2011, \$124.912 million in 2012, \$113.810 million in 2013, \$51.719 million in 2014 and \$6.174 million in 2015.
- The 2010 Recommended Capital Budget requires debt funding of \$24.502 million, reserve funding in the amount of \$9.324 million, recoverable debt funding in the amount of \$14.582 million, Development Charge funding of \$0.430 million, Provincial and Federal funding totalling \$72.734 million and Other funding totalling \$17.750 million.

2010 Recommended Capital Budget: Overview

Capital Budget by Project Category



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

- The 2010 Recommended Capital Budget reflects the allocation of significant funding for *State of Good Repair* projects. These projects account for approximately \$20.769 million or 16% of the total cash flow of \$128.982 million being recommended for 2010. State of Good Repair projects include Exterior Repair and Restoration, the New West Wing/Centre Block Roof and the Restoration and Repair of other interior areas.
- *Service Improvement* projects represent 84% or \$108.213 million of the total new recommended cash flow for 2010. These projects consist of improvements to pedestrian passage areas which include the Bay Street and York Street East Teamway and the construction of the Bay street concourse and York Street concourse. These projects also include the Northwest PATH, the Loading Dock project, the Bay Street West Teamway, the York Street East Teamway, the Bay Street Concourse and the York Street Concourse.

2010 Recommended Capital Budget versus Debt Target

The 2010 Recommended Capital Budget requires new 2010 cash flow of \$128.982 million with debt funding of \$22.612 million. This cash flow combined with funding carried forward of \$10.340 million for 2009 projects results in a total 2010 Recommended Capital Budget of \$139.322 million. The 2010 Recommended Capital Budget for Union Station meets the 2010 debt affordability target of \$22.612 million.

Capacity and Readiness to Proceed

Readiness to proceed is dependent upon the construction phasing plan that is under development. The plan to revitalize Union Station has been accelerated in order to complete the facility by 2015/2016. Confirmation of spending of \$139.322 million in 2010 can be provided once the phasing/construction plan is finalized. Details on work to be carried out in 2010 are not yet available.

Capital Project Highlights

The 2010 Recommended Capital Budget provides funding of \$139.322 million to continue with the following initiatives:

Construction Contracts: Funding of \$96.993 million is provided in 2010 to begin the construction work required to complete the Bay Street and York Street Concourses. This also includes the restoration work for the interior and exterior of the Station and to begin construction on the new loading dock.

Professional Services: Funding of \$18.489 million is provided to retain the appropriate external professional services that will be required to support Phase 1 of the multi staged construction projects. The external professional services include architectural/engineering, legal counsel, geotechnical and environmental engineers and heritage professional services. The major activities include the preparation of contract design drawings and reviewing contractual agreements.

Northwest PATH Connection: Funding of \$15.500 million is provided for the Northwest PATH. Construction of the Northwest PATH up to and connecting to the Royal York Hotel as the first phase is targeted for 2012. The timing for this plan is to be confirmed through the detailed design and costing phase that will be conducted by Transportation Services in 2010.

PART II: ISSUES FOR DISCUSSION**2011-2019 Recommended Capital Plan Issues****Status of the Revitalization Funding**

The Revitalization project is contingent upon securing funding from the Provincial and Federal Governments, finalization of agreements with Metrolinx and finalization of negotiations with the Head Lessee.

Provincial funding was confirmed through an announcement by the Deputy Premier and Minister of Environment and Infrastructure on July 24, 2009. This was followed by a letter, dated August 4, 2009 from the Deputy Minister of the Ministry of Transportation. Both of these actions were followed by Provincial Treasury and Cabinet Approval. The Federal Contribution Agreement was signed on September 25, 2009 followed by Federal Treasury Board approval.

Negotiations with the Head Lessee are currently being finalized. Although the major terms of the agreement have been agreed to, several minor outstanding issues are still under consideration. It is anticipated that this agreement will be signed within the next month.

Similarly, negotiations with Metrolinx are proceeding. It is anticipated that this agreement will be finalized shortly.

A report will be going forward to the November 9th, 2009 Government Management Committee to recommend the awarding of a contract for a General Contractor/Construction Manager for this Project. The contractor will develop a firm implementation plan including staging and design.

Federal Funding Agreement

The Contribution Agreement between the Federal Government and the City establishes the conditions whereby the Federal Government will reimburse the City 33% of the costs of the Union Station Revitalization project, up to a maximum of \$133.000 million. The Contribution Agreement was signed on September 25, 2009. The following table identifies a breakdown of projects considered by the Federal Government.

Breakdown of Projects in Contribution Agreement with the Federal Government

	Name of Project Component	Description of Project Component	Estimated Total Costs \$	Estimated Eligible Costs \$	Estimated Contribution by Canada \$
1.1	Exterior Repair and Restoration	The exterior repair and restoration work of the exterior elements of the building includes masonry and structural repairs; and skylights, heritage windows and tenant window restoration.	67,215,000	67,215,000	21,583,000
1.2	Restoration of Great Hall	The restoration and repair of the great hall of Union Station.	7,405,000	7,405,000	2,378,000
2.1	New West Wing / Centre Block Roof	The replacement of the waterproof membrane and related copper details on the West Wing and Centre Block roofs.	3,376,000	3,376,000	891,000
2.2	Exterior Repairs/Window Replacements	The repair and/or replacement existing windows in the West Wing and the Centre Block.	6,931,000	6,931,000	1,830,000
2.3	Restoration and Repair of Other Interior Areas	The restoration and repair of stone flooring, skylights, general floor repairs, wall and ceiling repair, mechanical and electrical work, along with other miscellaneous restoration and repair to public ramps and West Wing public areas.	23,969,000	23,969,000	6,328,000
2.4	Update of Mechanical and Electrical Systems	General updating of mechanical and electrical systems throughout the existing building will occur.	7,686,000	7,686,000	2,029,000
3.1	Bay Street West Teamway	The improvements to this exterior pedestrian passage area (teamway) will include installation of weather protecting glass panels and entrances; improvements to lighting, ceiling treatments and flooring; and additional connections to the GO Transit concourses.	2,796,000	2,796,000	738,000
3.2	York Street East Teamway	The improvements to this exterior pedestrian passage area (teamway) will include installation of weather protecting glass panels and entrances; improvements to lighting, ceiling treatments and flooring; and additional connections to the GO Transit concourses.	3,001,000	3,001,000	793,000
3.3	Moat Improvements and Covers	Union Station is surrounded by an exterior, below street level passageway (moat). Four areas of the moat will be covered with a glass skylight type roof for pedestrian weather protection.	30,424,000	30,424,000	8,032,000
3.4	East Wing Pedestrian Flow	As part of the USR Project the ground floor of the East Wing will become a public space and pathway with connections to the Great Hall and to the adjacent street.	4,892,000	4,892,000	1,291,000
4.1	Bay Street Concourse	The new construction of concourse space for the exclusive use by GO Transit. This work will provide additional waiting and queuing areas for commuters using the GO Transit services (commuter rail and bus).	63,724,000	63,724,000	16,826,000
4.2	York Street Concourse	The new construction of concourse space for the exclusive use by GO Transit. This work will provide additional waiting and queuing areas for commuters using the GO Transit services (commuter rail and bus).	60,220,000	60,220,000	15,898,000
5.1	Loading Dock	A new loading dock will be constructed on the south side of the building to alleviate pedestrian-vehicle conflicts.	9,205,000	9,205,000	2,430,000
6.1	North West Path	The North West Path Project is a new, underground extension to the City of Toronto underground PATH network. This work will provide additional capacity to accommodate the growing numbers of pedestrians accessing Union Station from the downtown core.	65,000,000	65,000,000	17,160,000
7.1	Promenade / Pedestrian Concourse Circulation	The construction of a new walkway route at the lower level running the length of Union Station. This route will accommodate pedestrian movement to and from TTC with access to the new GO Transit Concourses.	82,656,000	82,656,000	21,821,000
7.2	Structure Enhancements - Lower Level	The structural construction of a new lower level of Union Station.	49,133,000	49,133,000	12,972,000
	TOTAL *		487,633,000	487,633,000	133,000,000

Future State of Good Repair Requirements

The state of good repair backlog at Union Station amounts to \$121.087 million. The revitalization/construction program included in the 10-Year Recommended Capital Plan will address all backlog issues prior to 2019. Once the Station is completely revitalized, a future maintenance program will be required to be put in place to ensure the Station is maintained in a state of good repair.

It is anticipated that a minimum annual amount of funding to maintain Union Station in a state of good repair will be determined and included in the Union Station's 2011-2020 Capital Plan.

Appendix 1
10-Year Recommended Capital Plan Project Summary

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 Review - Specific

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Projected Balance as at Dec. 31, 2009	Proposed Withdrawals										2010 - 2019 Total		
			2010 Rec. Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan			
Capital Financing Reserve XQ0011	Beginning Balance	\$43,295													
			\$5,824	\$8,093	\$6,714										\$20,631
	Total Proposed Withdrawals		\$5,824	\$8,093	\$6,714										\$20,631
	Projected Contributions														
TOTAL RESERVE FUND BALANCE AT YEAR-END		\$43,295	\$37,471	\$29,378	\$22,664										

Appendix 6

2010 to 2019 New and Expansion Facility 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
Construction Contracts	76,224	113,984	77,715	66,362	35,927	2,064					372,276
Northwest PATH	15,500	19,500	19,000	10,000	500						64,500
East Wing - FutureYear SOGR								10,000			10,000
Total	91,724	133,484	96,715	76,362	36,427	2,064	0	10,000	0	0	446,776