

# Analyst Briefing Notes

## Budget Committee

November 3, 2009

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**PART I: CAPITAL PROGRAM****Executive Summary**

- Yonge-Dundas Square (YDS) is a vital part of Toronto's urban fabric, growing in prominence and use every year. The facility has gained truly international stature as a premiere urban event venue. In recent years YDS has become the primary hub for major arts and cultural festivals. The recent capital improvements have contributed both functionally and aesthetically to advance YDS' status as a community meeting place and event venue. The 10-Year Recommended Capital Plan will finalize outstanding features on the Square to support service delivery and ensure YDS is maintained in a state of good repair.
- The following summarizes the allocation of recommended funding by project type:
  - Remediation of architectural/structural and mechanical/electrical systems deficiencies requiring \$0.195 million of recommended funding to complete the construction work in 2010, will maintain the Square in a state of good repair.
  - An approved ISF project to redevelop the eastern end of YDS to build a permanent storage facility and create new seating and an event staging area with recommended funding of \$0.150 million in 2010 will improve service delivery.
- The 2009 Approved Capital Budget of \$0.145 million was not spent at September 30th, 2009. The two capital projects, Steel Grating Replacement and SOGR Structural/Mechanical System Upgrades, are underway. The City's Facilities & Real Estate Division will invoice Yonge-Dundas Square at year-end when these projects are completed. Actual expenditures by year-end are anticipated to be \$0.145 million or 100% of the 2009 Approved Capital Budget.
- The 10-Year Recommended Capital Plan totals \$0.645 million of which \$0.395 million is projected for the first 5 years, requiring cash flows of \$0.345 million in 2010 and \$0.050 million in 2014. The final 5 years total \$0.250 million and requires estimated cash flows of \$0.050 million in each of the years 2015-2019 to maintain the Square in a state of good repair.
  - The 10-Year Recommended Capital Plan is primarily funded from debt and reserve funds. \$0.350 million or 54% of the \$0.645 million Capital Plan is funded from debt, while \$0.145 million or 22% is funded from the Capital Financing Reserve for immediate state of good repairs, \$0.100 million or 16% from Section 37 funds and \$0.050 million or 8% in Infrastructure Stimulus Fund (ISF funding) for the approved project to build a permanent storage facility on the Square.
  - The 10-Year Recommended Capital Plan includes three projects: two previously approved (2009) projects with 2010 commitments for construction work, of which one is a state of good repair project to address architectural/structural and mechanical/

electrical systems deficiencies, and the other a service improvement project to build a permanent storage facility on the eastern edge of the Square; and one multi-year project for 2014-2019 to support future state of good repair work.

- The only change to the 2009-2018 Approved Capital Plan is the acceleration of the construction of a permanent storage facility on the eastern edge of the Square, a service improvement project, which is an approved ISF project to be completed by 2011.
  - Yonge -Dundas Square has approved funding in the 10-Year Recommended Capital Plan from the federal government's ISF Program totalling \$0.067 million, with \$0.017 million in 2009 and \$0.050 million in 2010, enabling the service improvement project to proceed with 1/3 federal stimulus funding. This funding has been provided for the redevelopment of the eastern end of the Square to build a permanent storage facility, and create new seating and an event staging area.
  - There are no operating impacts arising from the approval of the 2010 Recommended Capital Budget and 2011–2019 Recommended Capital Plan. Once the permanent storage facility is built and functional by the end of March 2011, very minimal savings from not having to rent off-site storage space will be achieved.
  - Yonge-Dundas Square does not have a backlog of state of good repair projects as the Square is relatively new. However, a long-term comprehensive technical facility audit of the Square is required to ascertain ongoing state of good repair expenditure levels.
  - 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, capital projects may require a longer timeframe than one year to complete.
- The 2010 Recommended Capital Budget of \$0.345 million consists of one previously approved *state of good repair* project with funding commitments of \$0.195 million in 2010 that represents 57% of the total capital budget and one *service improvement* ISF project with funding commitments of \$0.150 million that accounts for 43% of the total capital budget.
  - The 2010 Recommended Capital Budget of \$0.345 million provides funding to:
    - Complete a previously approved (2009) state of good repair project that addresses repairs of immediate concern and structural and mechanical/electrical system deficiencies with the construction work to be done in 2010; and
    - Continue implementation of the ISF approved project to redevelop the eastern end of Yonge-Dundas Square with construction of a permanent storage facility, and create new seating and an event staging area.
  - A technical facility audit from the City's Facilities & Real Estate Division requested in 2009 has not been received. As a result, there has been no debt targets assigned for 2011 to 2013 and the \$0.050 million for years 2014 to 2019 is only a general estimate. The facility audit will be available to guide development of the 2011–2020 10-Year Capital Plan.

## **Recommendations**

The City Manager and Chief Financial Officer recommend that:

1. Council approve the 2010 Recommended Capital Budget for Yonge-Dundas Square consisting of two previously approved projects that require new cash flow funding of \$0.345 million in 2010, requiring no future year commitments;
2. Council approve the 2011-2019 Recommended Capital Plan for Yonge-Dundas Square totalling \$0.300 million in project estimates, comprised of \$0.050 million in 2014; \$0.050 million in 2015; \$0.050 million in 2016; \$0.050 million in 2017; \$0.050 million in 2018; and, \$0.050 million in 2019; and,
3. Council request the Board of Management of Yonge-Dundas Square, together with the Executive Director of Facilities & Real Estate, submit to the Deputy City Manager and Chief Financial Officer by April 2010, the results of the facility audit and a Board approved 10-year capital plan to maintain the Square in a state of good repair to ensure asset preservation in future years.

## PART I: CAPITAL PROGRAM

### 2009 Capital Variance Review

<b>2009 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)</b>					
2009 Approved	Actuals as of Sept. 30th (3rd Qtr Variance)		Projected Actuals at Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
145	0	0.0%	145	100.0%	0

Yonge-Dundas Square (YDS) has not spent any of its 2009 Approved Capital Budget of \$0.145 million during the first nine months of 2009. The two capital projects, steel grating replacement and engineering work on a state of good repair project for structural and mechanical/electrical upgrades, are underway and Facilities & Real Estate will invoice YDS at year-end. Actual expenditures by year-end are anticipated to be \$0.145 million or 100% of the 2009 Approved Capital Budget.

The spending rate for the same period in 2008 was 4.6%. Project implementation is generally scheduled for the 1<sup>st</sup> and 4<sup>th</sup> quarters when the Square is less heavily booked for events.

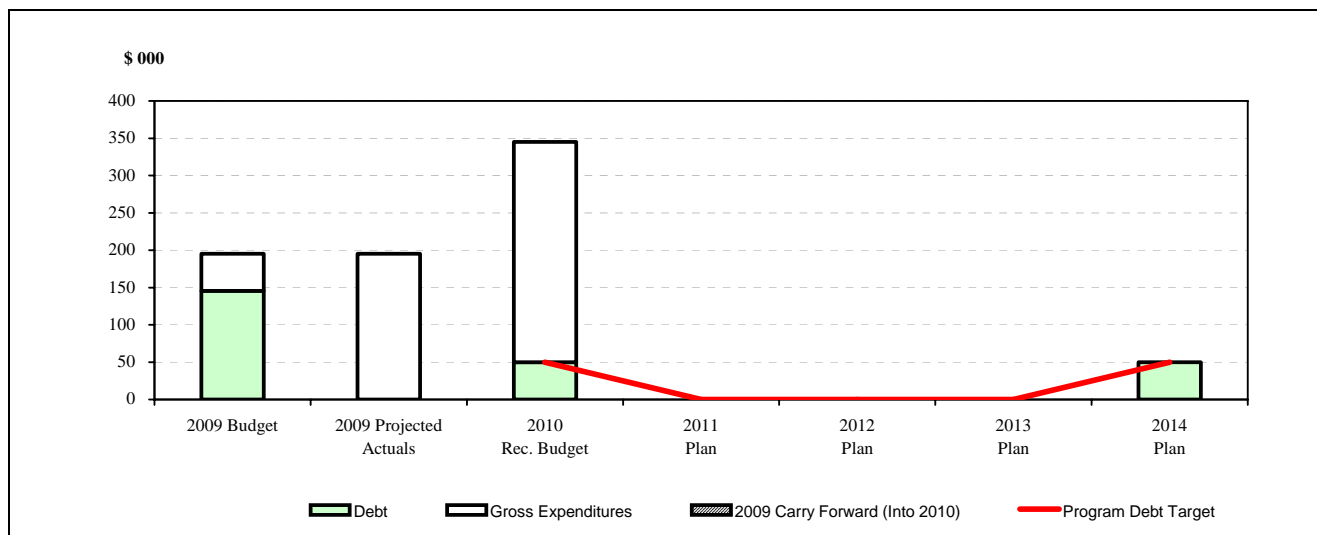
In 2009, YDS expects to complete the project to address a health and safety concern (slip and fall) caused by the large steel grating known as the Oculus which had been a problem in the wintertime and during wet weather. Due to cost concerns that became evident during the tendering process, YDS chose an operational solution to the problem and has purchased a removable customized cover for the Oculus, which will result in spending 100% of the approved cash flow of \$0.095 million by year-end.

Project management and engineering work is expected to be completed by year-end 2009 to address immediate architectural/structural and mechanical deficiencies identified in the recent YDS facility audit conducted by the City's Facilities & Real Estate Division, Asset Preservation Unit. Approved cash flow of \$0.050 million will be spent to do this preparatory work. Upgrades and construction work will take place in 2010 as planned.

Not included in the 3<sup>rd</sup> quarter variance analysis is the ISF project cash flow of \$0.050 million which was approved by Council on October 1, 2009.

10-Year Capital Plan

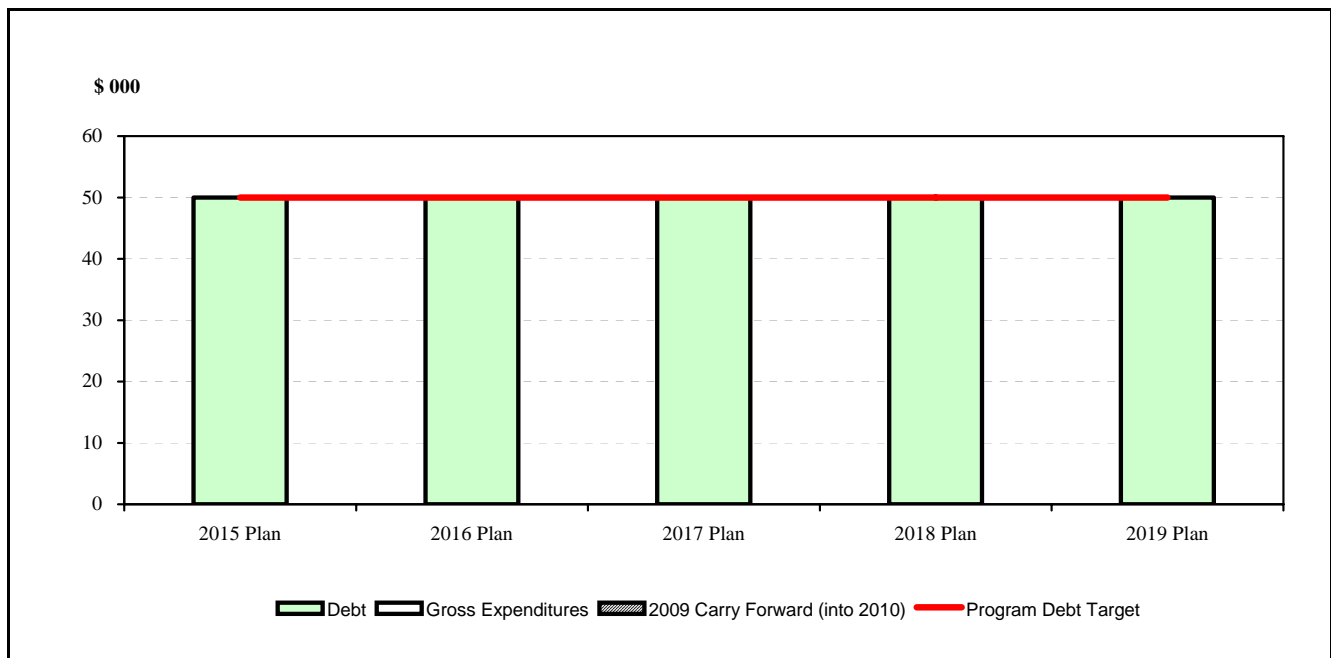
2010 Recommended Capital Budget, 2011-2014 Recommended Capital Plan



	2010 Rec. Budget and 2011-2014 Plan								2010-2014 Total	Five Year Percent
	2009		2010	2011	2012	2013	2014			
	Budget	Projected Actual								
<b>Gross Expenditures:</b>										
2009 Capital Budget & Approved FY Commitments	195	195	345					345		
Recommended Changes to Approved FY Commitments								0		
2010 New/Change in Scope and Future Year Commitments								0		
2011 - 2014 Capital Plan Estimates							50	50		
1-Year Carry Forward to 2010		0						0		
<b>Total Gross Annual Expenditures &amp; Plan</b>	<b>195</b>	<b>195</b>	<b>345</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50</b>	<b>395</b>		
<b>Program Debt Target</b>	<b>145</b>		<b>50</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50</b>	<b>100</b>		
<b>Financing:</b>										
<b>Recommended Debt</b>	<b>145</b>		<b>50</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50</b>	<b>100</b>	<b>25%</b>	
Reserves/Reserve Funds			145					145	37%	
Development Charges								0	0%	
ISF / RInC	17		50					50	13%	
Provincial/Federal								0	0%	
Other Revenue	33		100					100	25%	
<b>Total Financing</b>	<b>195</b>		<b>345</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50</b>	<b>395</b>	<b>100%</b>	
<b>By Category:</b>										
Health & Safety	95							0	0%	
Legislated								0	0%	
SOGR	50		195				50	245	62%	
Service Improvement	50		150					150	38%	
Growth Related								0	0%	
<b>Total By Category</b>	<b>195</b>		<b>345</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50</b>	<b>395</b>	<b>100%</b>	
Yearly SOGR Backlog Estimate (not addressed by current plan)								0		
Accumulated Backlog Estimate (end of year)								0		
Operating Impact on Program Costs			None					0		
Debt Service Costs			0	0	0	0	1	1		

10-Year Capital Plan

2015-2019 Recommended Capital Plan



	2015-2019 Capital Plan					2010-2019 Total	10-Year Total Percent
	2015	2016	2017	2018	2019		
<b>Gross Expenditures:</b>							
2009 Capital Budget & Approved FY Commitments						345	
Recommended Changes to Approved FY Commitments						0	
2010 New/Change in Scope and Future Year Commitments						0	
2015 - 2019 Capital Forecast Estimates	50	50	50	50	50	300	
<b>Total Gross Annual Expenditures &amp; Plan</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>645</b>	
<b>Program Debt Target</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>350</b>	
<b>Financing:</b>							
<b>Recommended Debt</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>350</b>	<b>54%</b>
Reserves/Reserve Funds						145	22%
Development Charges						0	0%
ISF / RInC						50	8%
Provincial/Federal						0	0%
Other Revenue						100	16%
<b>Total Financing</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>645</b>	<b>100%</b>
<b>By Category:</b>							
Health & Safety							
Legislated						0	0%
SOGR	50	50	50	50	50	495	77%
Service Improvement						150	23%
Growth Related						0	0%
<b>Total By Category</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>645</b>	<b>100%</b>
Yearly SOGR Backlog Estimate (not addressed by current plan)	Not yet available.					0	
Accumulated Backlog Estimate (end of year)						0	
Operating Impact on Program Costs	None					0	
Debt Service Costs	7	7	7	7	7	34	

## 10-Year Capital Plan Overview

- Recent capital improvements have contributed both functionally and aesthetically to advance Yonge-Dundas Square (YDS)'s status as a community meeting place and event venue. They have also provided additional support to the YDS Board's accomplishments that have established the venue as a viable and attractive sponsorship option for both private sector partners and community groups. The facility supports Council's priorities for a clean and beautiful city, and the Agenda for Prosperity by improving the business climate, enhancing the Central Business District, supporting tourism, creativity and innovation, and strengthening neighbourhoods.
- Yonge-Dundas Square's 10-Year Recommended Capital Plan ensures the Square is maintained in a state of good repair and provides a key feature to support service delivery with the addition of a permanent storage facility on the Square.
- The 10-Year Recommended Capital Plan of \$0.645 million gross expenditures requiring \$0.350 million of debt financing meets the current debt target of \$0.350 million assigned to the Program. Of these amounts, \$0.300 million gross and debt is budgeted in the interim as a placeholder for anticipated state of good repairs for future years 2014 to 2019 pending the findings and recommendations of the facility audit. No debt targets were assigned for years 2011, 2012 and 2013.
- The 10-Year Recommended Capital Plan of \$0.645 million in project funding is comprised of 77% or \$0.495 million for state of good repair and 23% or \$0.150 million for service improvement projects.
- The recommended capital financing structure of the 10-Year Capital Plan of \$0.645 million is made up of 54% or \$0.350 million of debt financing and 22% or \$0.145 million from the Capital Financing Reserve for state of good repair projects; and 16% or \$0.100 million of Section 37 monies plus 8% or \$0.050 million from the Federal Infrastructure Stimulus Fund (ISF) for a service improvement project.
- The 10-Year Recommended Capital Plan includes three projects: two previously approved (2009) projects with 2010 commitments (construction work), of which one is a *state of good repair* project to address architectural/structural and mechanical/electrical systems deficiencies, and the other a *service improvement* project to build a permanent storage facility on the eastern edge of the Square; and one future years (2014 – 2019) anticipated *state of good repair* project.
- The only change to the 10-Year Recommended Capital Plan compared to the 2009-2018 Approved Capital Plan is the acceleration of the construction of a permanent storage facility on the eastern edge of the Square, a service improvement project, from 2011 to 2009; this is an approved ISF project.
- No future year debt targets were assigned for years 2011 to 2019 pending the completion of a comprehensive long-term (10 year) facility audit of the Yonge-Dundas Square's structure, mechanical/electrical systems and equipment, the resultant findings and recommendations reported out and a 10-year SOGR Capital Plan developed. In the interim, recommended targets of \$0.050 million, the minimum capitalizable threshold for capital projects, were assigned to each year of 2014 to 2019 as a placeholder for future years' anticipated state of good repair, long term maintenance and rehabilitation. Recommendation of debt targets for years 2011, 2012 and 2013,

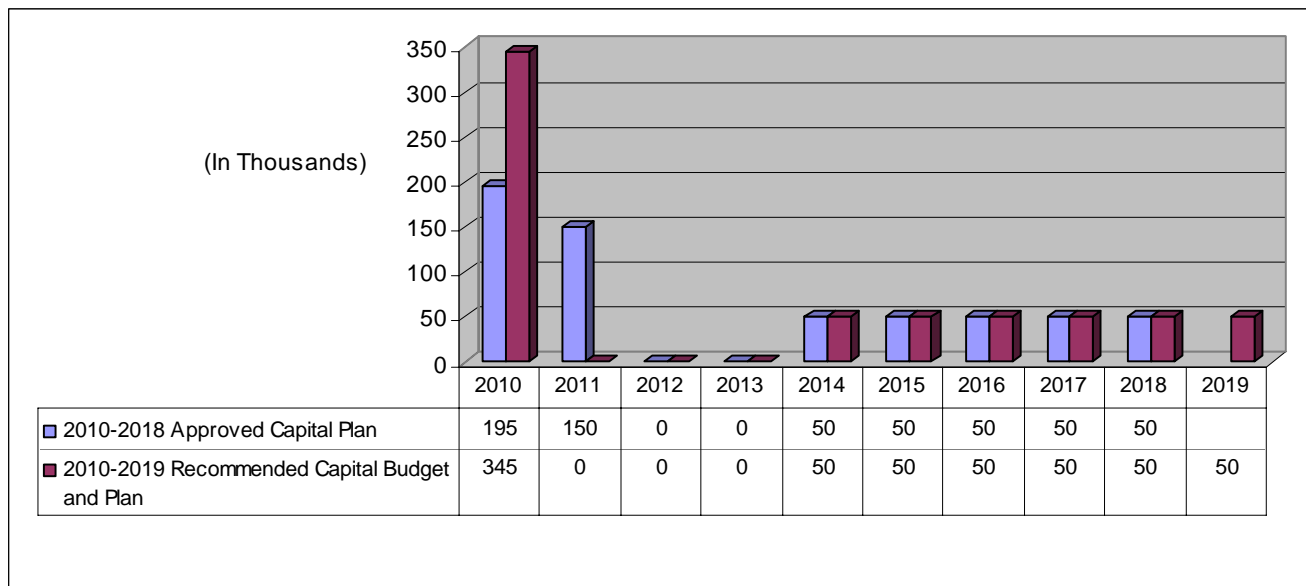
and revised debt targets for years 2014 to 2019, will be dependent on the facility audit report and SOGR plan.

- YDS does not have a backlog of state of good repair projects as the Square is relatively new. A comprehensive facility audit of the Square is underway to plan for state of good repair into the future.

**Key Changes to the 2010-2018 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 \$0.345 million in cash flow represents an increase of 77% or \$0.150 million compared to 2010 Approved Capital Plan of \$0.195 million estimated in 2009. There is no debt increase in the 2010 Recommended Capital Budget and 2011-2018 Recommended Capital Plan over the 9 year period.

**Changes to the 2010-2018 Approved Capital Plan**



The only change to the 2009-2018 Approved Capital Plan for Yonge-Dundas Square is the acceleration of the construction of a permanent storage facility on the eastern edge of the Square, a service improvement project with a project cost of \$0.150 million gross and \$0 debt, from 2011 to 2009. This is now an ISF approved project in 2009 that has a revised project cost of \$0.200 million, cash flowed \$0.050 million in 2009 and \$0.150 million in 2010. Funding for this approved ISF project now includes \$0.067 in ISF funds and \$0.133 million of Section 37 monies (a reduction of \$0.017 million in Section 37 funds from the original \$0.150 million requirement).

**Summary of Project Changes**

Key Projects (\$000's)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2010 - 2018
Build Permanent Storage Facility on eastern edge of YDS	150	(150)								0

**Project Financing**

Yonge-Dundas Square’s 10-Year Recommended Capital Plan is primarily funded from debt and reserve funds. \$0.350 million or 54% of the \$0.645 million gross Budget is funded from debt, while \$0.145 million or 22% will be funded from the Capital Financing Reserve for immediate state of good repairs, \$0.100 million or 16% in Section 37 funds and \$0.050 million or 8% from the Infrastructure Stimulus Fund (ISF) for the service improvement (ISF approved) project.

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

No debt affordability targets were assigned to years 2011, 2012 and 2013, but interim debt targets of \$0.050 million each were assigned to future years 2014 to 2019 as placeholders for anticipated state of good repair requirements pending the findings and recommendations from a comprehensive long-term facility audit recently undertaken.

The 10-Year Recommended Capital Plan requires debt financing of \$0.050 million for state of good repair work planned for 2010, and \$0.300 million in future years 2014 – 2019 anticipated state of good repairs. This debt requirement meets the current Council-approved debt target of \$0.350 million assigned to the Yonge-Dundas Square Program.

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

Through Canada's Economic Action Plan, the federal government has recently established a new \$4.000 billion Infrastructure Stimulus Fund (ISF). The Infrastructure Stimulus Fund complements existing federal and provincial infrastructure funding by focusing on short-term objectives for economic stimulus. The full \$4.000 billion has been distributed across Canada in fiscal years 2009-2010 and 2010-2011. Projects will focus largely on the rehabilitation of existing assets such as city infrastructure; public transit; highways; roads; bridges; cultural facilities; parks; and, trails.

Yonge-Dundas Square has approved funding in the 10-Year Recommended Capital Plan from the federal government’s ISF Program totalling \$0.067 million, with \$0.017 million cash flowed in 2009 and \$0.050 million in 2010, enabling the service improvement project to proceed with 1/3 federal stimulus funding. As outlined in the table below, funding has been provided for the redevelopment of the eastern end of the Square to build a permanent storage facility on site.

**Infrastructure Stimulus Funding 2010-2011**

Sub-Project	Total				2009			2010			2011		
	Total	Debt	ISF	Other	Debt	ISF	Other	Debt	ISF	Other	Debt	ISF	Other
Build Permanent Storage Facility on eastern edge of YDS	200	0	67	133	0	17	33	0	50	100	0	0	0
<b>Total</b>	<b>200</b>	<b>0</b>	<b>67</b>	<b>133</b>	<b>0</b>	<b>17</b>	<b>33</b>	<b>0</b>	<b>50</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>

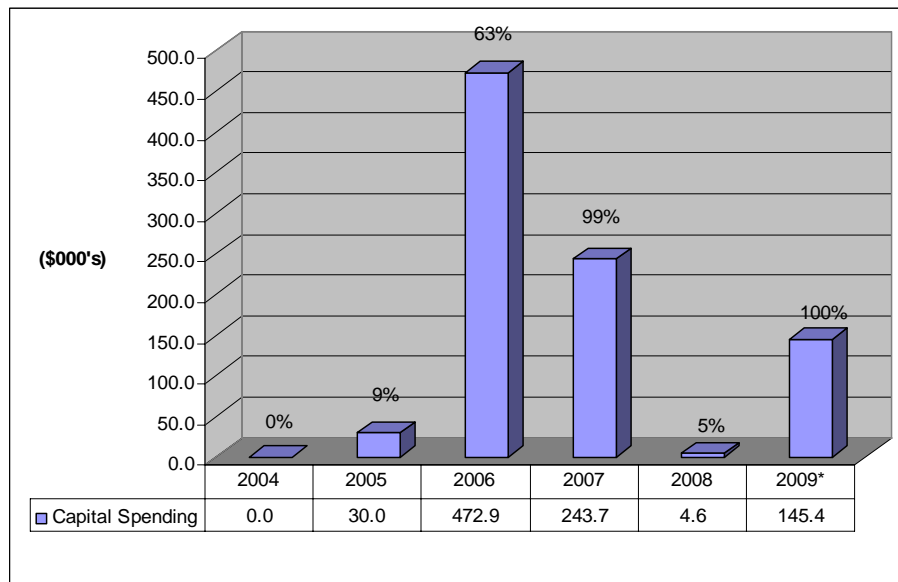
**Program Capacity and Readiness to Proceed**

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 timeframe longer than one year to complete.

With only a staff of five, YDS does not have the capacity and technical expertise to implement the state of good repair capital projects. To address this situation, YDS has entered into an agreement with the City’s Facilities & Real Estate Division to manage these projects.

The YDS 2009 Approved Capital Budget of \$0.195 million was not spent as of September 30<sup>th</sup>, 2009. Project implementation is generally scheduled for the 1<sup>st</sup> and 4<sup>th</sup> quarters when the Square is less heavily booked for events. As depicted in the graph below, the unique capital projects undertaken over the past several years were implemented over a two year timeframe, with design and engineering work in the first year and the actual construction work done in the following year. Projects implemented over the past five years include a custom-designed stage canopy in 2005-2007, installation of additional lighting on the Square in 2006-2007, steel grating replacement in 2008-2009; state of good repairs to address architectural/structural deficiencies and mechanical/electrical system upgrades in 2009-2010; and preparatory design work on the 2009 approved ISF project to build a permanent storage facility on the eastern edge of the Square.

**Yonge-Dundas Square Capital Budget Spending (2004-2009)**



Notes: \*2009 Year-End Capital Budget Spending Rate Projection as of September 30<sup>th</sup>, 2009.

YDS is committed to completing the previously approved (2009) SOGR Structural/Mechanical Upgrades project with the construction work to be completed by the end of 2010.

Preliminary design work on the ISF approved project to build a permanent storage facility on the eastern end of the Square began in 2009, with actual construction of the storage facility to be undertaken in 2010. This project is expected to meet the timelines as set out for ISF approved projects.

**State of Good Repair (SOGR) Backlog**

Yonge-Dundas Square does not have a backlog of state of good repair projects as the Square is relatively new (built in 2001). A facility audit report from the City’s Facilities & Real Estate Division is expected to provide guidance for the development of the 2011-2020 Capital Plan.

A comprehensive long-term (10 year) technical facility audit is underway to determine what state of good repair work in years 2011 to 2019 is necessary for asset preservation. An inventory of assets and asset values will be prepared as part of the facility audit report. A Board approved 10-year SOGR Capital Plan must be submitted by the YDS Board to the Deputy City Manager and Chief Financial Officer by no later than April 2010, in time to inform the 2011 Capital Budget Process and be taken into consideration when corporate debt targets are developed for 2011 - 2020.

**Capital Projects Highlights**

The 2010 Recommended Capital Budget and 2011-2019 Capital Plan will provide funding to:

- Complete repairs of immediate concern and structural and mechanical system deficiencies, with \$0.195 million of construction work to be undertaken in 2010; and
- Continue implementation of the ISF project to redevelop the eastern end of the Square with a total project cost of \$0.200 million, with the construction of a permanent storage facility on the eastern edge in 2010.

**Summary of Major Capital Initiatives**

This Program does not have any major capital initiatives.

**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
<b>2010 Recommended Capital Budget</b>											
Program Costs (Net)											0.0
Approved Positions											0.0
Debt Service Costs											0.0
<b>Recommended 10-Year Capital Plan</b>											
Program Costs (Net)											0.0
Approved Positions											0.0
Debt Service Costs					1.3	6.5	6.5	6.5	6.5	6.5	33.8
<b>Total</b>											
Program Costs (Net)											0.0
Approved Positions											0.0
Debt Service Costs	0.0	0.0	0.0	0.0	1.3	6.5	6.5	6.5	6.5	6.5	33.8

*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.*

**Program Operating Impacts**

There are no operating impacts arising from the approval of the 2010 Recommended Capital Budget and 2011–2019 Recommended Capital Plan. Once the permanent storage facility is built and functional by the end of March 2011, the savings from not having to rent off-site storage space is less than a thousand dollars per year.

**Debt Service Cost**

The 2010 Recommended Capital Budget will result in no new debt service costs. The 2011–2019 Recommended Capital Plan will result in new debt service costs of \$0.034 million.

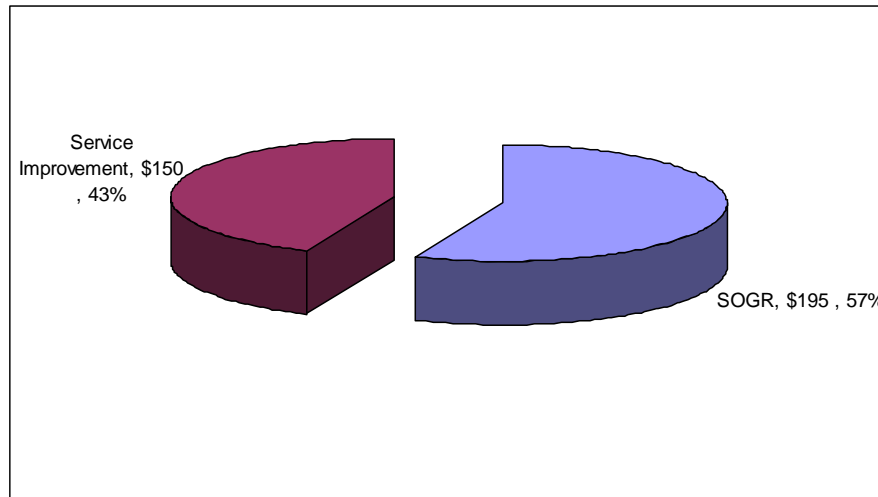
**Total 2010 Recommended Cash Flow & Future Year Commitments**

	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 2009 C/Fwd)	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total Cost
<b>Expenditures</b>																
Previously Approved		345		345		345										345
Change in Scope				0		0										0
New				0		0										0
New w/Future Year				0		0										0
<b>Total Expenditure</b>	0	345	0	345	0	345	0	0	0	0	0	0	0	0	0	345
<b>Financing</b>																
Debt		50		50		50										50
Reserves/Res Funds		245		245		245										245
Development Charges				0		0										0
ISF / RInC		50		50		50										50
Provincial/Federal				0		0										0
Other				0		0										0
<b>Total Financing</b>	0	345	0	345	0	345	0	0	0	0	0	0	0	0	0	345

- The 2010 recommended cash flow of \$0.345 million to fund previously approved commitments include \$0.050 million of debt financing and \$0.145 million from the Capital Financing Reserve XQ0011 to complete a previously approved (2009) SOGR project with the construction work to be undertaken in 2010; and an ISF project to build a permanent storage facility on the eastern edge of the Square with \$0.100 million of Section 37 funds and \$0.050 million of ISF funds.

## 2010 Recommended Capital Budget: Overview

### Capital Budget by Project Category



The 2010 Recommended Capital Budget consists of one previously approved *state of good repair* project with funding commitments of \$0.195 million in 2010 that represents 57% of the total capital budget and one *service improvement* ISF project with funding commitments of \$0.150 million that accounts for 43% of the total capital budget of \$0.345 million. A permanent storage facility on the Square will be constructed through ISF funding.

### 2010 Recommended Capital Budget versus Debt Target

The 2010 Recommended Capital Budget requires new 2010 cash flow of \$0.345 million with debt funding of \$0.050 million. The 2010 Recommended Capital Budget for Yonge-Dundas Square meets the 2010 debt affordability target of \$0.050 million.

### Capacity and Readiness to Proceed

Both projects in the 2010 Recommended Capital Budget are previously approved. The preliminary design, engineering and technical work are expected to be completed in 2009. The construction work on both projects will occur in 2010.

### Capital Project Highlights

In 2010, the YDS Board of Management will complete the work required to address immediate mechanical and architectural/structural deficiencies that were identified in the recent State of Good Repair Report. The City's Facilities & Real Estate Division will continue to provide contract management support for these projects.

The 2010 capital initiatives include an ISF approved project to redevelop the eastern end of Yonge-Dundas Square to build a permanent storage facility that will greatly enhance the venue's storage capacity and create new seating and an event staging area. This project is supported in part by a contribution of \$0.067 million from the Government of Canada's Infrastructure Stimulus Fund. This

project will enable the Square to transition more smoothly between events and will increase the Square's capacity to handle larger events that bring significant economic development, cultural and tourism benefits to the community. Incorporating these improvements to the Square will improve public safety during event set-up and take-down periods by further isolating work areas, allowing for increased access by the public during these transitions. The total project cost is estimated to be \$0.200 million, of which \$0.050 million will be spent in 2009 and a commitment of \$0.150 million in 2010 to complete the project. Non-debt funding, specifically Section 37 monies earmarked for capital improvements to Yonge-Dundas Square, in the amount of \$0.133 million will be used to fund this project.

**PART II: ISSUES FOR DISCUSSION****2011-2019 Recommended Capital Plan Issues****Technical Audit of the Square**

When City Council approved the 2009-2018 Capital Budget and Plan in December 2008, it also recommended that the Board of Management of Yonge-Dundas Square, together with the Executive Director of Facilities & Real Estate, submit to the Deputy City Manager and Chief Financial Officer by June 2009, the results of the facility audit and a 10-year state of good repair capital plan to maintain the Square in a state of good repair to ensure asset preservation in future years.

The YDS Board of Management requested a technical facility audit from the City's Facilities & Real Estate (F&RE) Division in April 2009, but this report has not yet been received. The report will identify state of good repair requirements for years 2011 through 2020 and will allow YDS' Board to establish realistic capital budget needs for these years.

In the interim, debt affordability targets of \$0.050 million in each of the future years 2014 to 2019 were assigned to the YDS Program as placeholders for anticipated state of good repair, but years 2011, 2012 and 2013 were not addressed.

Given the size of the venue that constitutes this Program, it is unlikely that future SOGR projects can be accommodated within a debt target which is the same from year to year; however, \$0.050 million for each of the years 2011 to 2019 will act as a placeholder until facility audit results are known.

It is recommended that the 10-Year Capital Plan debt targets for years 2011 through 2019 be revised once the long-term (10-year) comprehensive technical facility audit is completed and a 10-Year SOGR Capital Plan approved by the YDS Board of Management is submitted to the Deputy City Manager and Chief Financial Officer for review and consideration.

**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 Name (In \$Thousands)	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	SOGR Structural / Mechanical System Upgrades 2009-2010 (Project # YDS907045)		145.0												145.0
<b>Total Reserve / Reserve Fund</b>		<b>0.0</b>	<b>145.0</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>	<b>145.0</b>

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			
Section 37 Reserve Fund XR3026 (Order Acct #	Beginning Balance	\$154	\$154	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$54	
	Construction of Permanent Storage Facility on eastern edge of YDS (Project # YDS907449)		(\$100)												(\$100)
	Total Proposed Withdrawals		(\$100)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$100)
	Projected Contributions		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL RESERVE FUND BALANCE AT YEAR-END</b>		<b>\$154</b>	<b>\$54</b>	<b>\$54</b>	<b>\$54</b>	<b>\$54</b>	<b>\$54</b>	<b>\$54</b>	<b>\$54</b>	<b>\$54</b>	<b>\$54</b>	<b>\$54</b>	<b>\$54</b>	<b>\$54</b>	