
Budget Committee

Meeting No.	8 (Special)	Contact	Merle MacDonald, Committee Administrator
Meeting Date	Friday, February 23, 2007	Phone	416-392-7340
Start Time	1:30 PM	E-mail	mmacдона@toronto.ca
Location	Committee Room 1, City Hall		

Budget Committee		
Councillor Shelley Carroll (Chair) Councillor Paul Ainslie (Vice-Chair) Councillor Maria Augimeri	Councillor A. A. Heaps Councillor Joe Mihevc	Councillor Gord Perks Councillor Kyle Rae

Members of Council and Staff: Please keep this agenda and the accompanying material until the City Council meeting dealing with these matters has ended. **The City Clerk's Office will not provide additional copies.**

Special Assistance for Members of the Public: City staff can arrange for special assistance with some advance notice. If you need special assistance, please call (416-392-6662), TTY 416-392-338-0889 or e-mail mhook@toronto.ca.

Closed Meeting Requirements: If the Budget Committee wants to meet in closed session (privately), a member of the committee must make a motion to do so and give the reason why the Committee has to meet privately. (City of Toronto Act, 2006)

Notice to People Writing to the Committee: The City of Toronto collects any personal information in your communication to Toronto City Council or its committees under the City of Toronto Act, 2006 and the City of Toronto Municipal Code.

The City collects this information to enable it to make informed decisions on the relevant issue(s). Individuals who submit letters and other information should be aware that any personal information in their communication will become part of the public record. The City will make it available to the public, unless the individual expressly requests the City to remove the personal information.

Direct any questions about this collection to the City Clerk's Office, City Hall, 100 Queen St. W. Toronto ON M5H 2N2 or by calling 416-392-7340.

Declarations of Interest under the *Municipal Conflict of Interest Act*

Confirmation of Minutes – January 8, 10 and 12, January 26 , February 8, February 9, and February 14, 2007

REGULAR BUSINESS**Communications/Reports**

BU8.1	ACTION			Wards: All
-------	--------	--	--	------------

Preliminary Capital Variance Report for the Year Ended December 31, 2006

(February 20, 2007) report from Deputy City Manager and Chief Financial Officer

Recommendations

The Deputy City Manager and Chief Financial Officer recommends that:

1. Council approve the Facilities and Real Estate technical budget adjustments detailed in Appendix 2 (Sec. 1.i) attached, to reallocate funds from projects completed under-budget to projects that were overspent with no incremental impact on the Council Approved 2006 Capital Budget;
2. Council approve the technical budget adjustments to transfer \$1.100 million in unspent funding from Toronto Police Service 2006 approved capital project funds (Jetforms \$0.500 million and Police Integration Systems \$0.600 million) to the Transportations Services 2006 Capital Budget – Front Street Extension project to cover additional expenditures for the Police Traffic Services and Garage Facility – 9 Hanna subproject Appendix 2 (Sec. 1.ii);
3. Council approve the Toronto Water technical budget adjustments detailed in Appendix 2 (Sec. 1.iii) which reallocate funds between projects with no incremental impact on the 2006 Approved Capital Budget;
4. Council approve the Toronto and Region Conservation Authority technical budget adjustments detailed in Appendix 2 (Sec. 2.i) to adjust during 2006 for \$1.563 million in unspent funding carried forward from 2005 for land acquisition for source water protection;
5. the Budget Committee forward this report to the Executive Committee for its consideration; and
6. Council authorize and direct the appropriate staff to take the necessary action to give effect thereto.

Financial Impact

As shown in Table 1 below, Tax Supported Programs spent \$1.069 billion or 69.8 percent of the 2006 approved cash flow of \$1.531 billion during the year ended December 31, 2006. By

comparison, spending in 2004 approximated 68.3 percent and in 2005, 68.3 percent of the respective Council approved cash flow. Excluding uncontrollable projects (defined as projects that are subject to conditions that are not within the control of staff, such as unforeseen natural or environmental factors, and dependency on third party performance), the 2006 Tax Supported Programs' spent 72.4 percent of the adjusted cash flow:

	2006 Approved Budget	January to December 2006		
		Total		% Spent of Controllable Projects
		Actuals	% Spent	
Tax Supported Programs:				
Citizen Centred Services - "A"	184,775	104,447	56.5%	61.5%
Citizen Centred Services - "B"	439,906	240,382	54.6%	55.9%
Internal Services	162,598	83,583	51.4%	52.9%
Other City Programs Agencies, Boards & Commissions	41,800	24,874	59.5%	61.9%
	702,519	616,181	87.7%	89.7%
Total - Tax Supported	1,531,597	1,069,467	69.8%	72.4%
Rate Supported Programs:				
Toronto Parking Authority	39,709	8,040	20.2%	52.9%
Toronto Water	394,468	264,770	67.1%	71.0%
Total Rate Supported	434,177	272,810	62.8%	70.2%
Total	1,965,774	1,342,277	68.3%	72.0%

Rate-Supported Programs spent \$272.810 million or 62.8 percent of the 2006 approved cash flow of \$434.177 million. Excluding uncontrollable projects, the spending rate improves to 70.2 percent.

In accordance with the City's Carry Forward Policy, the 2007 Budget Committee Recommended Capital Budget will include 2006 unspent funding carried forward to 2007. This will enable staff to complete projects for which capital work was not completed in 2006 as planned. It should be noted that the majority of the reduced spending on capital projects in the fourth quarter are committed and should be spent in early 2007.

It is noted that in compliance with good financial management practices, debt is issued only

when needed to finance actual or committed capital expenditures. This strategy minimizes the incurrence of debt service cost and the resultant impact on the Operating Budget. In accordance with the Financial Control By-law, completed projects will be closed and any unspent funds will be returned to the original funding source. A recommended list of project closures will be included in the final 2006 Year-end Capital Variance report.

Summary

The purpose of this report is to provide the City of Toronto Preliminary Capital Variance Report for the year ended December 31, 2006, and to request Council's approval of technical budget adjustments which reallocate funds between projects with no incremental impact on the Council Approved 2006 Capital Budget. A final report will be submitted to Council following the completion of the external audit of the City's accounts and financial statements.

Capital spending during 2006 totalled \$1.342 billion or 68.3 percent of the approved cash flow of \$1.965 billion. The under expenditure is primarily attributed to the inability to find or secure suitable sites in accordance with planned timeframes; delays in securing funds from cost-sharing partners; and, significantly higher than expected rainfall which delayed performance of roofing and asphalt projects, exterior site work, park construction projects and playground replacement work. In addition, several projects were completed under-budget. Unspent funds for incomplete projects will be carried forward to 2007 on an as required basis, in accordance with the City's Carry Forward Policy.

Background Information

Staff Report - Capital Variance

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-1720.pdf>)

Appendix 1

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-1721.pdf>)

Appendix 2

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-1722.pdf>)

BU8.2	ACTION			Wards: All
-------	--------	--	--	------------

Financing of Capital Works Policy and Goals

(February 20, 2007) report from Deputy City Manager and Chief Financial Officer

Recommendations

The Deputy City Manager and Chief Financial Officer recommends that:

1. Council approve the City of Toronto's Financing of Capital Works Policy and Goals as

contained in Appendix A of the report; and

2. Council authorize the appropriate City officials to take the necessary action to give effect thereto.

Financial Impact

The key guidelines contained in the “Financing of Capital Works Policy and Goals” are the 15 percent of the tax levy limit on debt charges and the City’s total direct obligation debt which shall not exceed \$3.5 billion over the term of Council, ending in November 2010.

Summary

This report requests Council's approval for the City's Financing of Capital Works Policy and Goals in order to fulfill the requirement of paragraph 8 of subsection 212(1) of the City of Toronto Act, 2006.

Background Information

Staff Report - Capital Works Policy and Goals

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-1723.pdf>)

BU8.3	Information			
-------	-------------	--	--	--

Consulting Expenses - Agencies, Boards and Commissions

(December 4, 2006) report from City Manager

Summary

This report examines the controls that are in place to verify consulting expenses incurred by agencies, boards and commissions.

Based on our review of the policies, processes and procedures that are currently in place within the Agencies, Boards and Commissions with respect to consulting expenses, we have determined that controls are adequate and provide reasonable assurance that the amounts reported are accurate and complete.

Given that the City’s ABC’s are independent and autonomous organizations, and are governed by and accountable to a separate board or commission, any oversight of consulting expenses incurred by ABC’s is the sole responsibility of the organization.

Background Information

Staff Report - Consulting Expenses

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-1724.pdf>)

BU8.4	Information			Wards: All
-------	-------------	--	--	------------

Letter Concerning Reporting on Reserve/Reserve Fund Inflows/Outflows as Part of the Budget Documents

(February 7, 2007) report from Deputy City Manager and Chief Financial Officer

Summary

This report indicates that budget documents in the form of the analyst's notes already provide the information requested - namely the inflows and outflows to and from reserves and reserve funds.

Background Information

Staff Report - Reserve/Reserve Fund Inflows/Outflows

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-1725.pdf>)

BU8.5	ACTION			
-------	--------	--	--	--

Federal Homelessness Funding: Authority to Negotiate a New Federal Agreement and Manage the Transition to the New Program

(February 19, 2007) letter from Community Development and Recreation Committee

Recommendations

The Community Development and Recreation Committee recommended to City Council that:

1. the General Manager, Shelter, Support and Housing Administration, in consultation with the City Solicitor, be authorized to enter into a contribution agreement with ServiceCanada or related entity for funding under the new Homelessness Partnering Strategy, and that the objectives, priorities and allocation levels, substantially as outlined in the report and summarized in Appendix A form the basis for the agreement, subject to adding child welfare agencies to Appendix A;
2. once the contribution agreement with ServiceCanada or related entity is in place, the General Manager, Shelter, Support and Housing Administration be authorized to enter into agreements with other City divisions, project sponsor agencies, and/or private expertise to deliver projects in line with the terms and conditions of the federal

agreement, other than new housing development projects, which will be approved through the Affordable Housing Committee and Council;

3. once the contribution agreement with ServiceCanada or related entity is in place, the General Manager, Shelter, Support and Housing Administration be authorized to adjust funding between objectives as may be required to ensure maximum and appropriate use of available federal funds and to reflect input from community consultation, new Council directions/priorities or other changes which might occur in the future and result in adjustments being required;
4. any project currently funded under the Supporting Communities Partnership Initiative (SCPI) program that is not completed by March 31, 2007, be approved as a priority for funding under the Homelessness Partnering Strategy (HPS);
5. in light of the results of the City's 2006 Street Needs Assessment, indicating that 16 percent of the homeless population is Aboriginal, that 20 percent (net of administration) of the City's HPS allocation be directed to projects that address Aboriginal homelessness;
6. the General Manager, Shelter, Support and Housing Administration work directly with the Aboriginal community to develop priorities for the funds under the HPS program, identified in Recommendation 5;
7. in the event that the current SCPI funds are not extended beyond March 31, 2007 by the last day of the City Council meeting in March 2007, the General Manager, Shelter, Support and Housing Administration be authorized to fund the existing SCPI funded service related projects delivered by community agencies, as outlined in Appendix B, for the three-month period April 1 through June 30, 2007, at a cost of up to \$1.6 million from the Social Housing Stabilization Reserve Fund;
8. if the Social Housing Stabilization Reserve Fund is utilized as recommended above, that the General Manager, Shelter, Support and Housing Administration seek reimbursement for this expenditure from the federal government, under the new Homelessness Partnering Strategy with funds returned to source;
9. the General Manager, Shelter, Support and Housing Administration report directly to Council on any further financial implications relating to the transition between the SCPI and HPS programs, as required;
10. in the event that the current SCPI funding is extended beyond March 31, 2007, the General Manager, Shelter, Support and Housing Administration be authorized to approve allocations of any unexpended SCPI funding to projects and initiatives that are in line with the objectives of the SCPI Community Plan, and to enter into any necessary agreements to give effect thereto; and
11. the General Manager, Shelter, Support and Housing Administration report to Budget Committee on the financial implications of the Homelessness Partnering Strategy and possible extension of the current SCPI program once details are known.

Summary

The Community Development and Recreation Committee on February 19, 2007, forwarded a copy of the report (February 5, 2007) from the General Manager, Shelter, Support and Housing Administration, to the February 23, 2007 meeting of the Budget Committee for its immediate consideration and transmittal of comments to the March 5 and 6, 2007 Council meeting for consideration with this item.

Background Information

Letter - Federal Homelessness

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-1726.pdf>

BU8.6	ACTION			
-------	--------	--	--	--

Grace Carmen Senior Citizens Home Inc. - Reserve Fund Withdrawal and Approval of a Second Mortgage

(February 19, 2007) letter from Community Development and Recreation Committee

Recommendations

The Community Development and Recreation Committee recommended to City Council that:

1. authority be given to the General Manager, Shelter, Support and Housing Administration, to:
 - a. withdraw \$296,000.00 from the Social Housing Federal Reserve Fund and lend these funds to Grace Carmen Senior Citizens Home Inc. at 180 Sheridan Avenue, for the replacement of elevators;
 - b. negotiate, execute and deliver a loan agreement, collateral security and ancillary agreements and documentation, including a second mortgage and a general assignment of rents, subject to the following terms and conditions:
 - i. the loan will be non-interest bearing and not repayable until the earlier of the date (the “Commencement Date”)
 1. that the first mortgage is due to mature, or
 2. such mortgage is redeemed;
 - ii. starting on the Commencement Date the loan will bear interest at a rate equal to the prime lending rate charged by the City’s leading banker plus

- one percent and be subject to a repayment schedule that would amortize the loan over a period of 15 years, subject to the right of the housing provider to pre-pay its loan at any time without interest or penalty;
- iii. the interest rate and repayment schedule will be renegotiable, subject to further Council approval; and
 - iv. such other terms and conditions that are satisfactory to the General Manager, Shelter, Support and Housing Administration, and in a form acceptable to the City Solicitor;
- c. enter into an option agreement requiring the housing provider to provide rent supplement housing from and after the date the operating agreement is terminated, for a term of up to 15 years, provided that appropriate funding is received from the Service Manager;
 - d. consent, on behalf of the City of Toronto to Grace Carmen Senior Citizens Home Inc. mortgaging, charging or encumbering the Property in connection with the City's mortgage, as required under the Operating Agreement being administered by the City of Toronto as Service Manager pursuant to the Social Housing Reform Act, 2000;
 - e. apply for the consent of the Minister of Municipal Affairs and Housing in connection with the City's mortgage, and accept such consent subject to the Minister's standard conditions; and
 - f. apply for and accept such other consents and approvals as may be necessary or convenient from other third parties, including Canada Mortgage and Housing Corporation;
- 2. the loan of \$296,000.00 be deemed to be in the interests of the City of Toronto in accordance with subsection 83(1) of the City of Toronto Act, 2006, Chapter 11, Schedule A;
 - 3. the 2007 Recommended Operating Budget for Shelter, Support and Housing Administration include \$296,000.00 gross and \$0 net funded by a withdrawal from the Social Housing Federal Reserve Fund for the loan to Grace Carmen Senior Citizens Home Inc.; and
 - 4. any repayments of principal and interest on the loan be credited, as they are received, to the balance of the Social Housing Federal Reserve Fund.

Summary

The Community Development and Recreation Committee on February 19, 2007, forwarded a copy of the report (February 13, 2007) from the General Manager, Shelter, Support and Housing Administration, to the February 23, 2007 meeting of the Budget Committee for its immediate consideration and transmittal of comments to the March 5 and 6, 2007 Council meeting for consideration with this item.

Background Information

Letter - Grace Carmen Senior Citizens Home

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-1727.pdf>)

2007 CAPITAL BUDGET

BU8.7	ACTION			Wards: All
-------	--------	--	--	------------

Budget Committee Recommended 2007 Capital Budget and 2008 - 2011 Capital Plan.

Report from Deputy City Manager and Chief Financial Officer

Report to follow**Summary**

Presenting the Budget Committee Recommended 2007 Capital Budget and 2008-2011 Capital Plan.

7a Recommendations to Adjust the Scope of Work for the City Hall Second Floor Renovations

(February 20, 2007) report from Chief Corporate Officer

Recommendations

The Chief Corporate Officer recommends that:

1. the City Hall second floor renovations be reduced in scope to consider adding one large committee room, a protocol/media studio, and the consolidation of the Mayor's Office space to accommodate staff; and
2. the Facilities and Real Estate Division's 2007 Recommended Capital Budget be adjusted to reflect a reduction of \$1.0 million gross; zero net and the 2008 Capital Plan be reduced by \$2.3 million; zero net for a total reduction of \$3.3 million gross; zero net.

Financial Impact

Approval of this report will result in a gross expenditure reduction of \$3.3 million; zero net to the Facilities and Real Estate Division's 2007 Recommended Capital Budget and 2008-2011

Capital Plan currently before Budget Committee for consideration. The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

Summary

This report outlines adjustments to the scope of work for the City Hall second floor renovations. There is an opportunity to adjust the scope of work which will reduce the overall project cost but will still accommodate an additional committee room, protocol/media studio, and consolidation of the Mayor's Office space.

The recommended adjustment to the project scope of work reduces the project cost by over 50 percent. While the original project intent to provide committee room space to meet current demand cannot be realized, the alternative provides some relief to the consistent demand for committee room usage and provides the Mayor's Office with sufficient space to accommodate staff. Also, a protocol/media studio will be wired for media with a flexible floor plan to permit protocol functions and media briefings and will be available to members of the public, City Divisions, and Members of Council.

Approval of this report will reduce the Facilities and Real Estate Division's 2007 Recommended Capital Budget and 2008-2011 Plan for City Hall second floor renovations from \$6.2 million to \$2.9 million; zero net.

Background Information

Staff Report - City Hall 2nd Floor Renovations

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-1728.pdf>

7b Authority for TRCA as Sole Source Provider on Parks, Forestry and Recreation Natural Environment Projects

(February 20, 2007) report from Deputy City Manager and Chief Financial Officer and General Manager of Parks, Forestry and Recreation

Recommendations

The Deputy City Manager and Chief Financial Officer and the General Manager of Parks, Forestry and Recreation recommend that:

1. Council authorize the General Manager of Parks, Forestry and Recreation to enter into sole source purchase orders totalling up to \$5 million for 2007, including all taxes and charges, with the Toronto and Region Conservation Authority (TRCA), to expedite and complete various natural environment projects included in the 2007 Parks, Forestry and Recreation 2007 Capital Budget, as listed in Table 1 of this report; and
2. Council authorize the appropriate City officials to take the necessary action to give effect thereto.

Financial Impact

Authority for sole source purchase orders to the Toronto and Region Conservation Authority is limited to only those projects included in the 2007 Council Approved Capital Budget for Parks, Forestry and Recreation.

Summary

This report seeks permission from City Council to enter into sole source purchase orders with the Toronto and Region Conservation Authority (TRCA) for natural environment projects.

The City of Toronto has a long history of working with TRCA on natural environment projects. This request for Sole source authority is consistent with past practice and facilitates a number of projects, many of which are on TRCA lands for which the City is responsible. TRCA is able to provide cost-effective management of natural environment projects using their highly specialized expertise and ability to expedite required approvals, facilitate community involvement and meet tight time lines. This report recommends Sole source authority with TRCA for projects totalling \$5 million in the 2007 Parks Forestry and Recreation Capital Budget.

Background Information

Staff Report - Authority for TRCA

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-1729.pdf>)

Budget Committee

Meeting No.	8 (Special)	Contact	Merle MacDonald, Committee Administrator
Meeting Date	Friday, February 23, 2007	Phone	416-392-7340
Start Time	1:30 PM	E-mail	mmacдона@toronto.ca
Location	Committee Room 1, City Hall		

Budget Committee		
Councillor Shelley Carroll (Chair) Councillor Paul Ainslie (Vice-Chair) Councillor Maria Augimeri	Councillor A. A. Heaps Councillor Joe Mihevc	Councillor Gord Perks Councillor Kyle Rae

Members of Council and Staff: Please keep this agenda and the accompanying material until the City Council meeting dealing with these matters has ended. **The City Clerk's Office will not provide additional copies.**

Special Assistance for Members of the Public: City staff can arrange for special assistance with some advance notice. If you need special assistance, please call (416-392-6662), TTY 416-392-338-0889 or e-mail mhook@toronto.ca.

Closed Meeting Requirements: If the Budget Committee wants to meet in closed session (privately), a member of the committee must make a motion to do so and give the reason why the Committee has to meet privately. (City of Toronto Act, 2006)

Notice to People Writing to the Committee: The City of Toronto collects any personal information in your communication to Toronto City Council or its committees under the City of Toronto Act, 2006 and the City of Toronto Municipal Code.

The City collects this information to enable it to make informed decisions on the relevant issue(s). Individuals who submit letters and other information should be aware that any personal information in their communication will become part of the public record. The City will make it available to the public, unless the individual expressly requests the City to remove the personal information.

Direct any questions about this collection to the City Clerk's Office, City Hall, 100 Queen St. W. Toronto ON M5H 2N2 or by calling 416-392-7340.

Schedule of Timed Items Here (if applicable)

Declarations of Interest under the *Municipal Conflict of Interest Act*

Confirmation of Minutes – January 8, 10 and 12, January 26, February 8, February 9, and February 14, 2007

Communications/Reports

BU8.7	ACTION			Wards: All
--------------	--------	--	--	------------

Budget Committee Recommended 2007 Capital Budget and 2008 - 2011 Capital Plan.

(February 22, 2007) report from City Manager and Deputy City Manager and Chief Financial Officer

Recommendations

The Budget Committee (BC) recommends that:

1. Council approve the 2007 BC Recommended Tax Supported and Toronto Parking Authority Capital Budget (including 2006 carry forward projects) with a total project cost of \$1.380 billion that requires 2007 cash flow of \$1.747 billion and future year commitments of \$881.296 million in 2008; \$506.245 million in 2009; \$292.108 million in 2010; \$158.228 million in 2011; and \$252.262 million in 2012 - 2016 as detailed below:
 - a. New Cash Flow for:
 - i. new and change in scope projects with a total project cost of \$1.380 billion requiring: 2007 cash flow of \$555.284 million and future year commitments of \$527.677 million in 2008; \$200.044 million in 2009; \$118.955 million in 2010; \$23.198 million in 2011;
 - ii. previously approved projects totalling \$2.119 billion requiring: 2007 cash flow of \$853.813 million and future year commitments of \$353.619 million in 2008; \$306.201 million in 2009; \$173.153 million in 2010, \$135.030 million in 2011 and \$297.627 million in 2012 - 2016;
 - iii. previously approved projects with carry-forward funding from 2005 and prior years requiring 2007 cash flow of \$40.134 million, which forms part of the affordability and requires Council to reaffirm its commitment; and,
 - b. 2006 cash flow for previously approved projects with carry-forward funding from 2006 into 2007 totalling \$298.427 million;
2. Council approve financing sources for the 2007 BC Recommended Tax Supported Capital Budget (including 2006 carry forward projects) comprised of: \$252.022 million from Reserves and Reserve Funds; \$124.172 million of Capital from Current funding; \$77.103 million of Developmental Charge funding; \$194.889 million from other sources; \$235.484 million of Provincial Grants and Subsidies; \$230.673 million of

Federal Subsidies; and debt of \$605.808 million (inclusive of 2006 carryforward debt funding of \$98.452 million);

3. Council approve debenture financing not to exceed \$507 million for the 2007 Tax Supported Capital Budget, for a term of up to, but not exceeding 10 years;
4. Council approve new debt service costs of \$17.665 million in 2007 and incremental costs of \$75.442 million in 2008; \$44.087 million in 2009; \$23.555 million in 2010; and, \$12.279 million in 2011, for inclusion in the 2007 and future operating budgets;
5. Council consider the operating impacts emanating from approval of the 2007 BC Recommended Capital Budget of \$4.393 million in 2007 and incremental costs of \$9.235 million in 2008; \$6.102 million in 2009; \$3.576 million in 2010; and, \$1.846 million in 2011, for inclusion in the 2007 and future operating budgets;
6. Council approve the BC Recommended 2008 – 2011 Capital Plan for the City of Toronto (excluding Toronto Water) comprised of \$1.424 billion in 2008, \$1.427 billion in 2009; \$1.346 billion in 2010; and \$1.192 billion in 2011;
7. Council receive for information the 2007 – 2016 Capital Forecast for the City of Toronto (excluding Toronto Water) totalling \$13.506 billion as detailed by Program, Agency, Board and Commission in Appendix 5;
8. Council approve the detailed 2007 BC Recommended Capital Budget and 2008 – 2011 Capital Plan Program Recommendations (Appendix 6);
9. Council receive the reports, transmittals and communications that are on file with the City Clerk's Office (including Appendix 7 herewith attached) as considered by the Budget Committee at its 2007 Capital Budget review meetings; and,
10. Council authorize and direct the appropriate City Officials to take the necessary actions to give effect thereto.

Summary

This report presents the City of Toronto 2007 Budget Committee (BC) Recommended Capital Budget and 2008 - 2011 Capital Plan, and recommends approval of 2007 cash flow and future year commitments for capital projects. Further, the report recommends approval of the 2008 – 2011 Capital Plan, which will form the basis for developing future capital budgets, in accordance with the City's multi-year financial planning and budgeting process. The 2007 Budget Committee Recommended Capital Budget and 2008 – 2011 Capital Plan sets the foundation for implementing the Mayor's vision and mandate, and Council's policy agenda. It addresses the City's health and safety, legislated, and state of good repair capital spending needs while recognizing existing fiscal challenges. This is evidenced by the fact that, of the 2007 BC Recommended Tax Supported Capital Budget of \$1.432 billion, 75 percent or \$1.074 billion is targeted to these three categories of projects. The amount dedicated to these project categories is \$5.344 billion or 80 percent of the total 5-Year Capital Plan of \$6.704 billion. While priority has been placed on maintaining the City's infrastructure, the

Capital Plan also provides for growth in strategic areas and for service expansion in key Program areas to accommodate service demands and expectations of the public. Included in the 5-Year Capital Plan are investments in projects that contribute to the Mayor's priorities of making Toronto safer, a clean, green and beautiful city, and transit strategic directions in accordance with Council Official Plan. Financing the City's Capital Budget and Plan continues to be a major challenge, particularly because of diminished capital reserves and reduced non-debt funding sources. As a result, a major influencing factor in developing the 2007 Capital Budget and 2008 – 2011 Capital Plan is the need to manage the City's debt burden without compromising the state of good repair of existing assets or the health and safety of its citizens. Debt financing totals \$2.594 billion or 39% of the total funding requirement proposed in the 5-Year Capital Plan. However, when the projected debt retirement of \$1.000 billion (or \$200.000 million per year) is taken into account, new debt is approximately \$1.600 billion. Even with this significant investment, there continues to be a gap between capital spending needs and affordable funding estimates. This funding gap has resulted in a growing backlog that is estimated at \$1.392 billion at the end of 2011, despite increased spending on infrastructure maintenance. Notwithstanding this gap, the City has made significant strides in limiting the backlog to about 5 percent of the total estimated asset value of about \$30.000 billion (excluding Toronto Water assets).

Background Information

Appendix 3

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-1766.pdf>)

Appendix 4i

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-1768.pdf>)

Appendix 1

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-1770.pdf>)

Appendix 6 - BC Recs

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-1765.pdf>)

Appendix 5

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-1767.pdf>)

Appendix 2

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-1771.pdf>)

Appendix 4ii

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-1769.pdf>)

Staff Report - 2008-2011 Capital Plan

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-1744.pdf>)

7a Recommendations to Adjust the Scope of Work for the City Hall Second Floor Renovations

(February 20, 2007) report from Chief Corporate Officer

Recommendations

The Chief Corporate Officer recommends that:

1. the City Hall second floor renovations be reduced in scope to consider adding one large committee room, a protocol/media studio, and the consolidation of the Mayor's Office

space to accommodate staff; and

2. the Facilities and Real Estate Division's 2007 Recommended Capital Budget be adjusted to reflect a reduction of \$1.0 million gross; zero net and the 2008 Capital Plan be reduced by \$2.3 million; zero net for a total reduction of \$3.3 million gross; zero net.

Financial Impact

Approval of this report will result in a gross expenditure reduction of \$3.3 million; zero net to the Facilities and Real Estate Division's 2007 Recommended Capital Budget and 2008-2011 Capital Plan currently before Budget Committee for consideration. The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

Summary

This report outlines adjustments to the scope of work for the City Hall second floor renovations. There is an opportunity to adjust the scope of work which will reduce the overall project cost but will still accommodate an additional committee room, protocol /media studio, and consolidation of the Mayor's Office space.

The recommended adjustment to the project scope of work reduces the project cost by over 50 percent. While the original project intent to provide committee room space to meet current demand cannot be realized, the alternative provides some relief to the consistent demand for committee room usage and provides the Mayor's Office with sufficient space to accommodate staff. Also, a protocol/media studio will be wired for media with a flexible floor plan to permit protocol functions and media briefings and will be available to members of the public, City Divisions, and Members of Council.

Approval of this report will reduce the Facilities & Real Estate Division's 2007 Recommended Capital Budget and 2008-2011 Plan for City Hall second floor renovations from \$6.2 million to \$2.9 million; zero net.

Background Information

Staff Report - City Hall 2nd Floor Renovations

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-1728.pdf>)

Attachment 1

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-1742.pdf>)

Attachment 2

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-1743.pdf>)