

# City of Toronto

## 2008 Recommended Capital Budget and 2009 – 2012 Capital Plan

October 29, 2007



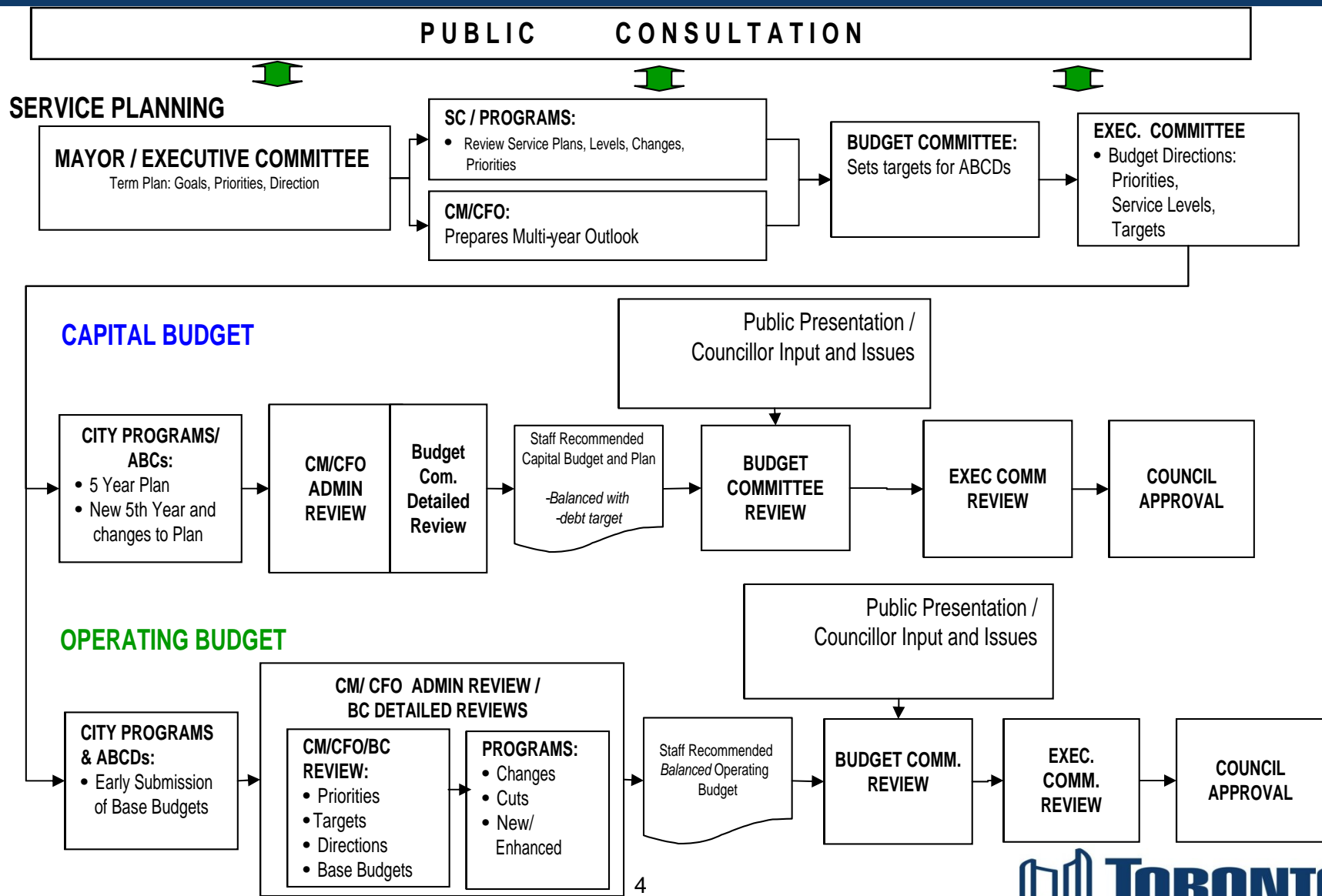
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# Financial Planning Process

# 2008 Financial Planning Process



# Directions on 2008 Budget Process

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- Begin work early in 2007 to establish service priorities and financial targets:
  - Guided by the Mayor's term priorities and Council's policy agenda, Budget Committee to:
    - ✓ review City Program and ABC service plans
    - ✓ assess service issues and outcomes to establish service priorities and service levels
- Based on a multi-year financial outlook, the Budget Committee to recommend budget targets, directions and strategies
- Budget Committee to recommend a 2008 Capital Budget and 2009 – 2012 Capital Plan to Executive Committee

# Guidelines and Targets

# 2008 – 2012 Capital Budget and Plan – Guidelines and Debt Targets

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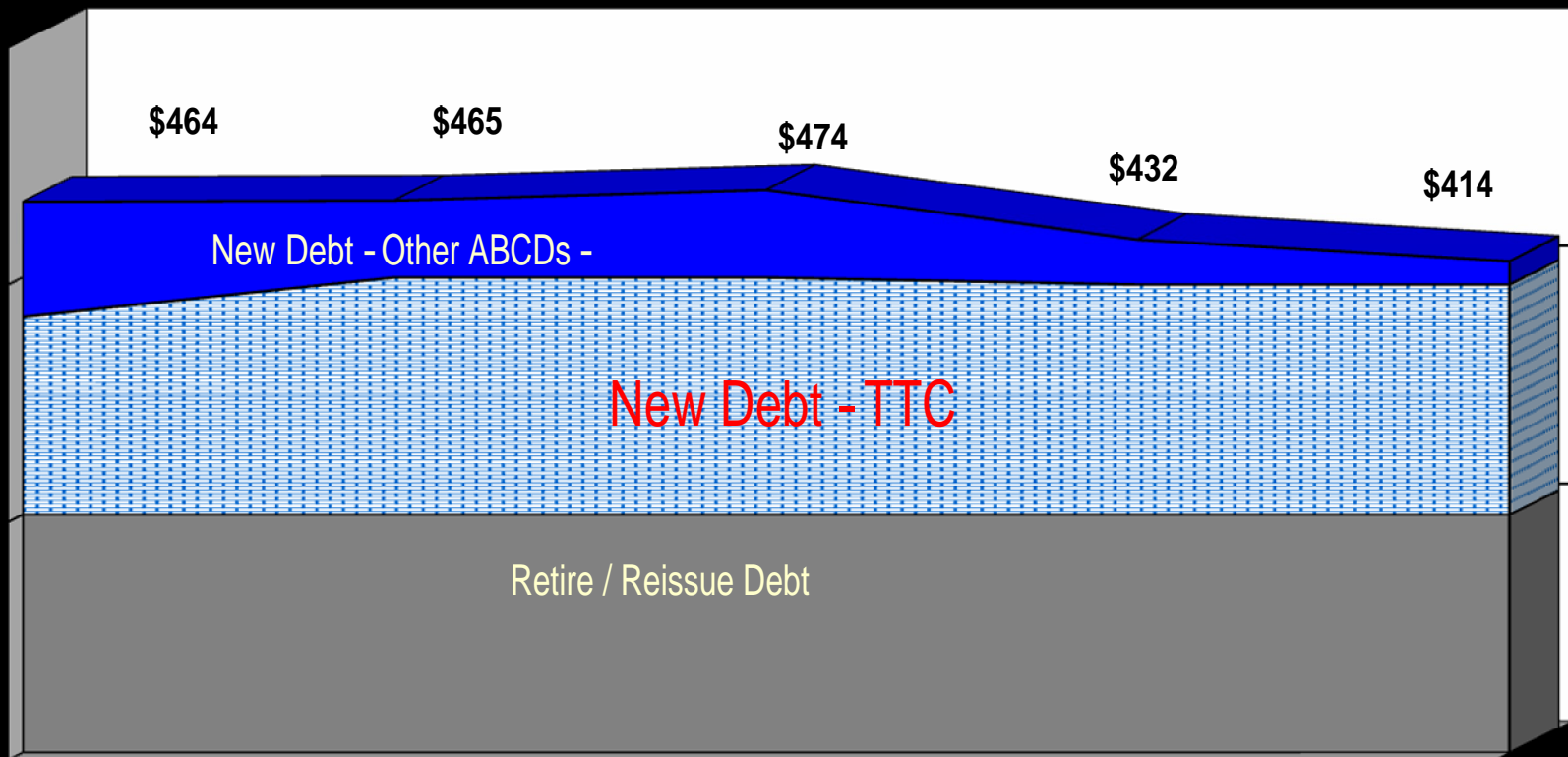
- Five-Year Capital Plan rules of engagement apply:
  - 2008 – 2011 capital plan is basis for developing the 2008 – 2012 Capital Budget and Plan
  - add new fifth year
  - approved debt levels to be maintained by year
  - acceleration of projects to be offset by deferral of other projects with equal value
- 2012 debt and CFC target set at \$614 million - same level as 2011
- 2008 CFC = \$136 million with 10% annual increase in future years
- Allocate available funds in following priority order:
  - Previously approved projects already in progress
  - New Health and Safety, Legislated and SOGR projects

## 2008 - 2012 Debt & CFC Targets (\$Millions)

	2007 Council Approved Debt/CFC	2008	2009	2010	2011	2012	Total 2008-2012
Baseline Debt (Retire / Reissue)	200	200	200	200	200	200	1,000
New Debt:							
TTC	200	167	200	200	194	194	955
City	107	97	65	74	38	20	294
<b>Total New Debt</b>	<b>307</b>	<b>264</b>	<b>265</b>	<b>274</b>	<b>232</b>	<b>214</b>	<b>1,249</b>
<b>Total Debt</b>	<b>507</b>	<b>464</b>	<b>465</b>	<b>474</b>	<b>432</b>	<b>414</b>	<b>2,249</b>
Capital from Current (CFC)	124	136	150	165	182	200	833
<b>Total Debt &amp; CFC</b>	<b>631</b>	<b>600</b>	<b>615</b>	<b>639</b>	<b>614</b>	<b>614</b>	<b>3,082</b>



2008 – 2012 Recommended Capital Budget & Plan



# 2008 - 2012 Recommended Capital Budget and Plan

# 2008 - 2012 Recommended Capital Budget and Plan vs. Debt and CFC Target (\$ Millions)

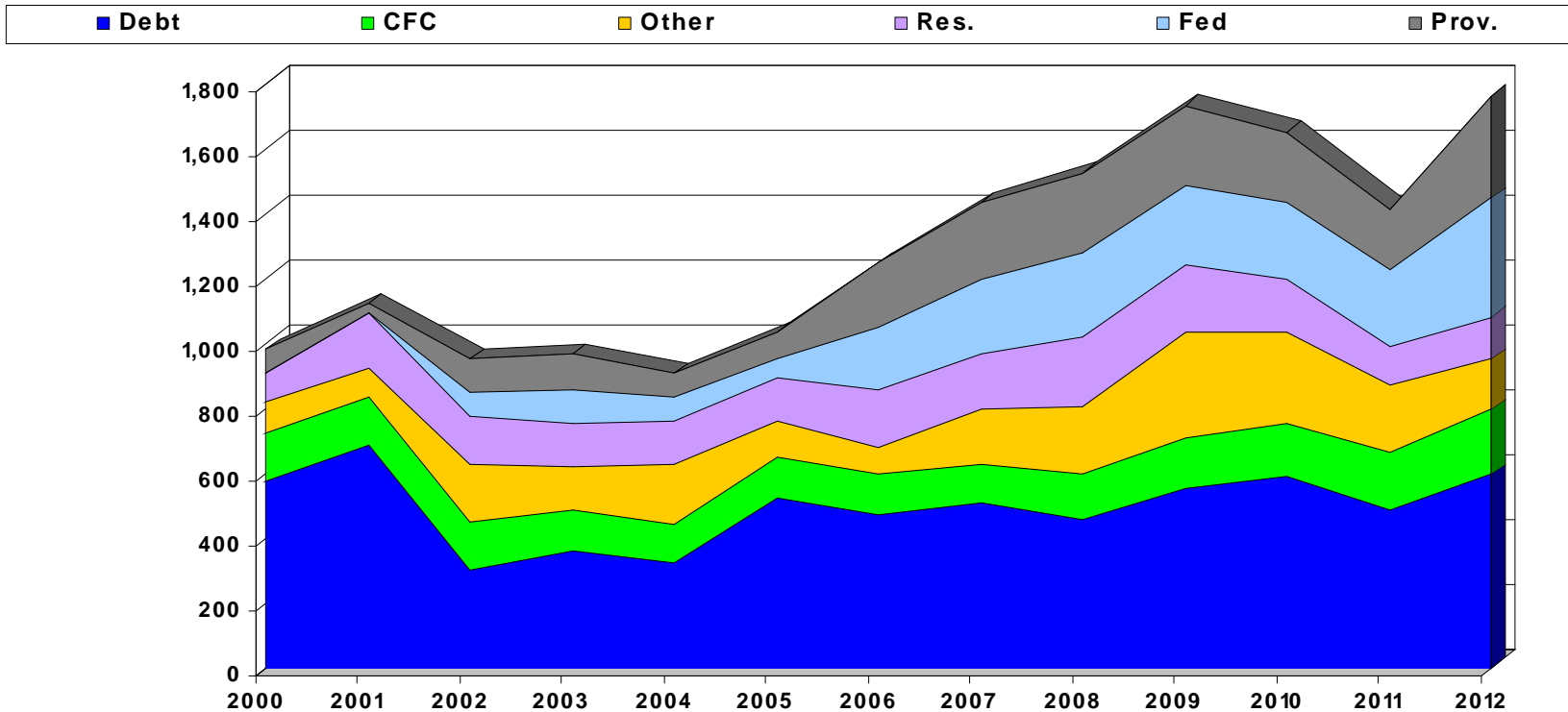
	2008				2009 - 2012				Total			
	Gross	Debt	Target	Over / (Under) Target	Gross	Debt	Target	Over / (Under) Target	Gross	Debt	Target	Over / (Under) Target
Citizen Centred Services 'A'	123.3	67.5	61.8	5.7	384.6	251.7	241.8	9.9	507.9	319.2	303.6	15.6
Citizen Centred Services 'B'	386.4	203.1	213.5	(10.4)	1,498.1	796.5	864.7	(68.2)	1,884.5	999.6	1,078.2	(78.6)
Internal Services	117.9	51.7	51.6	0.1	498.6	214.7	181.3	33.4	616.5	266.4	232.9	33.5
Other City Programs	4.8	1.0	1.2	(0.2)	9.8	5.2	5.2	-	14.6	6.2	6.4	(0.2)
Other Corporate Priorities	36.0	10.7	7.5	3.2	215.8	137.1	100.2	36.9	251.8	147.8	107.7	40.1
<b>Total City Operations</b>	<b>668.4</b>	<b>334.0</b>	<b>335.6</b>	<b>(1.6)</b>	<b>2,606.9</b>	<b>1,405.2</b>	<b>1,393.2</b>	<b>12.0</b>	<b>3,275.3</b>	<b>1,739.2</b>	<b>1,728.8</b>	<b>10.4</b>
ABCs Excluding TTC	161.1	97.5	97.7	(0.2)	528.1	303.7	300.2	3.5	689.2	401.2	397.9	3.3
<b>Total Tax Supported Excl. TTC</b>	<b>829.5</b>	<b>431.5</b>	<b>433.3</b>	<b>(1.8)</b>	<b>3,135.0</b>	<b>1,708.9</b>	<b>1,693.4</b>	<b>15.5</b>	<b>3,964.5</b>	<b>2,140.4</b>	<b>2,126.7</b>	<b>13.7</b>
<b>Toronto Transit Commission</b>	<b>697.2</b>	<b>163.7</b>	<b>167.2</b>	<b>(3.5)</b>	<b>3,426.2</b>	<b>1,212.7</b>	<b>788.7</b>	<b>424.0</b>	<b>4,123.4</b>	<b>1,376.4</b>	<b>955.9</b>	<b>420.5</b>
<b>Total Rec'd. Budget</b>	<b>1,526.7</b>	<b>595.2</b>	<b>600.5</b>	<b>(5.3)</b>	<b>6,561.2</b>	<b>2,921.6</b>	<b>2,482.1</b>	<b>439.5</b>	<b>8,087.9</b>	<b>3,516.8</b>	<b>3,082.6</b>	<b>434.2</b>

# 2008 - 2012 Recommended Capital Budget and Plan - by Category and Financing Source

\$Millions									
Expenditures	2008 Budget	Capital Plan					TOTAL 2009 - 2012	TOTAL 2008 - 2012	Percent of Total
		2009	2010	2011	2012	TOTAL			
Health and Safety	43	33	31	26	29	119	162	2.0%	
Legislated	95	117	174	154	126	571	666	8.2%	
State of Good Repair	931	1,135	1,109	1,027	1,413	4,684	5,615	69.4%	
Service Improvement and Enhancement	228	182	136	88	84	490	718	8.9%	
Growth Related	230	265	203	119	110	697	927	11.5%	
<b>Total Gross Expenditures</b>	<b>1,527</b>	<b>1,732</b>	<b>1,653</b>	<b>1,414</b>	<b>1,762</b>	<b>6,561</b>	<b>8,088</b>	<b>100.0%</b>	
<b>Funded By:</b>									
Provincial	246	247	217	185	313	962	1,208	14.9%	
Federal	259	246	237	236	367	1,086	1,345	16.6%	
Reserve / Reserve Funds	214	203	166	122	128	619	833	10.3%	
Capital from Current	136	150	165	182	200	697	833	10.3%	
Other	156	253	191	138	104	686	842	10.4%	
Debt	459	557	588	483	596	2,224	2,683	33.2%	
Debt - Recoverable	57	76	89	68	54	287	344	4.3%	
<b>Total Funding</b>	<b>1,527</b>	<b>1,732</b>	<b>1,653</b>	<b>1,414</b>	<b>1,762</b>	<b>6,561</b>	<b>8,088</b>	<b>100.0%</b>	

# 2008 – 2012 Recommended Capital Budget and Plan - 33.1% of Capital Plan Financed by Debt

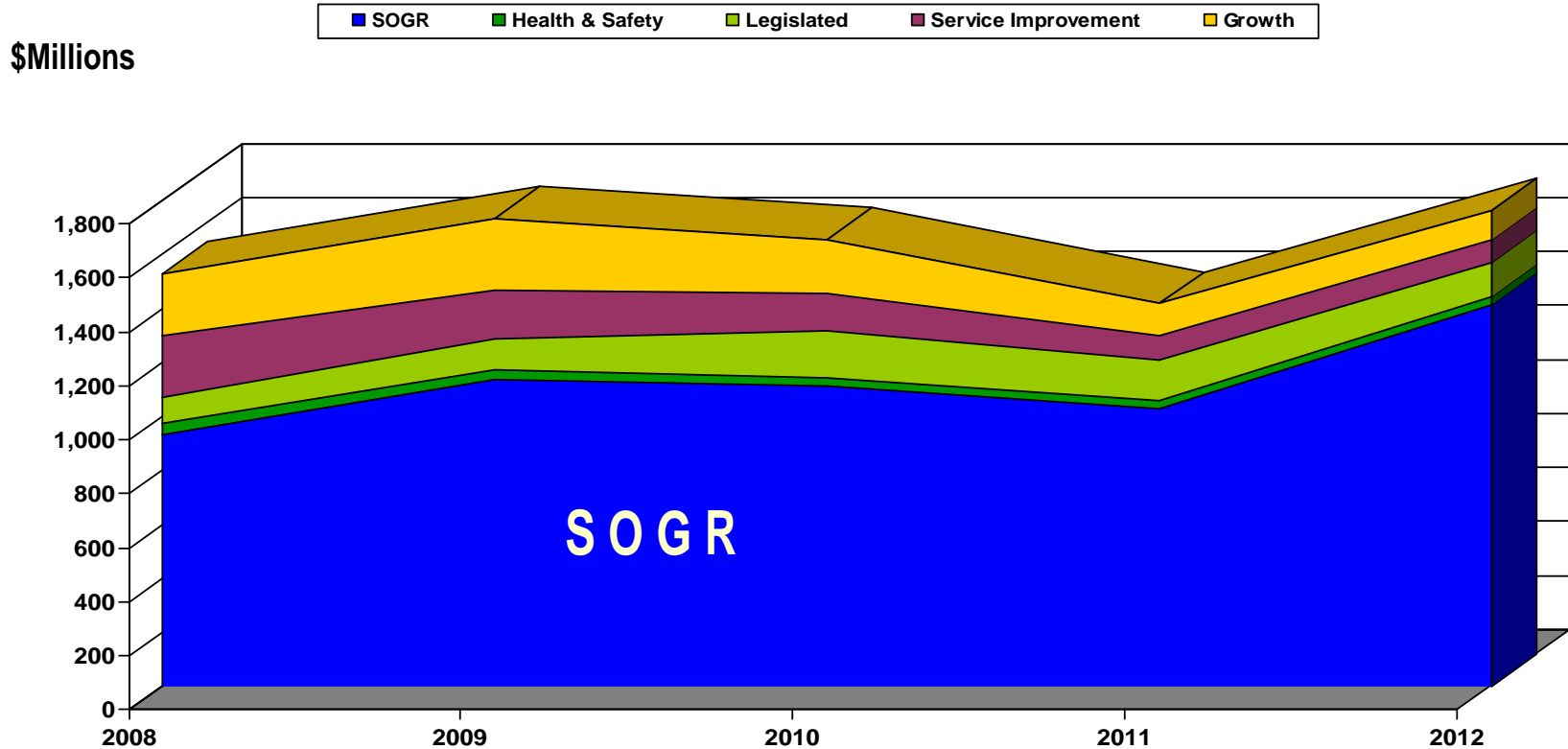
\$Millions



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2008-2012
<b>Debt</b>	575	684	304	362	321	362	321	507	459	557	588	483	596	2,683
<b>CFC</b>	146	124	124	124	124	124	124	124	136	150	165	182	200	833
<b>Other</b>	242	243	325	256	309	256	309	291	213	329	280	206	158	1,186
<b>Res.</b>	89	170	144	132	132	132	132	162	214	203	166	122	128	833
<b>Fed</b>			77	104	70	104	70	230	259	246	237	236	367	1,345
<b>Prov.</b>	76	23	104	112	76	112	76	234	246	247	217	185	313	1,208
<b>Total</b>	<b>1,128</b>	<b>1,244</b>	<b>1,078</b>	<b>1,090</b>	<b>1,032</b>	<b>1,090</b>	<b>1,032</b>	<b>1,548</b>	<b>1,527</b>	<b>1,732</b>	<b>1,653</b>	<b>1,414</b>	<b>1,762</b>	<b>8,088</b>

# 2008 – 2012 Recommended Capital Budget and Plan

## - 69.4% Investment in SOGR



	2008	2009	2010	2011	2012	2008-2012
<b>SOGR</b>	931	1,135	1,109	1,027	1,413	5,615
<b>Health &amp; Safety</b>	43	33	31	26	29	162
<b>Legislated</b>	95	117	174	154	126	666
<b>Service Improvement</b>	228	182	136	88	84	718
<b>Growth</b>	230	265	203	119	110	927
<b>Total</b>	<b>1,527</b>	<b>1,732</b>	<b>1,653</b>	<b>1,414</b>	<b>1,762</b>	<b>8,088</b>

# 2008 - 2012 Capital Budget and Plan

## - Operating Impacts

	2008			2009 - 2012			Total		
	Debt Service Charges	Other Operating Impacts	Positions	Debt Service Charges	Other Operating Impact	Positions	Debt Service Charges	Operating Impact	Positions
Citizen Centred Services 'A'	1,643.5	1,164.0	-	33,111.8	5,638.0	15.0	34,755.3	6,802.0	15.0
Citizen Centred Services 'B'	5,911.6	2,226.0	19.5	109,735.4	14,727.0	66.5	115,647.0	16,953.0	86.0
Internal Services	1,564.3	347.0	6.0	30,474.3	1,988.0	(5.0)	32,038.6	2,335.0	1.0
Other City Programs	32.0	10.0	-	760.0	(49.0)	1.0	792.0	(39.0)	1.0
Other Corporate Priorities	311.0	-	-	8,824.0	-	-	9,135.0	-	-
<b>Total City Operations</b>	<b>9,462.4</b>	<b>3,747.0</b>	<b>25.5</b>	<b>182,905.5</b>	<b>22,304.0</b>	<b>77.5</b>	<b>192,367.9</b>	<b>26,051.0</b>	<b>103.0</b>
ABCs Excluding TTC	2,222.0	5,207.0	9.5	33,073.7	11,424.2	44.4	35,295.7	16,631.2	53.9
<b>Total Tax Supported Excl. TTC</b>	<b>11,684.4</b>	<b>8,954.0</b>	<b>35.0</b>	<b>215,979.2</b>	<b>33,728.2</b>	<b>121.9</b>	<b>227,663.6</b>	<b>42,682.2</b>	<b>156.9</b>
Toronto Transit Commission	4,910.0	522.0	3.0	144,377.0	9,637.0	85.0	149,287.0	10,159.0	88.0
<b>Total Operating Impacts</b>	<b>16,594.4</b>	<b>9,476.0</b>	<b>38.0</b>	<b>360,356.2</b>	<b>43,365.2</b>	<b>206.9</b>	<b>376,950.6</b>	<b>52,841.2</b>	<b>244.9</b>

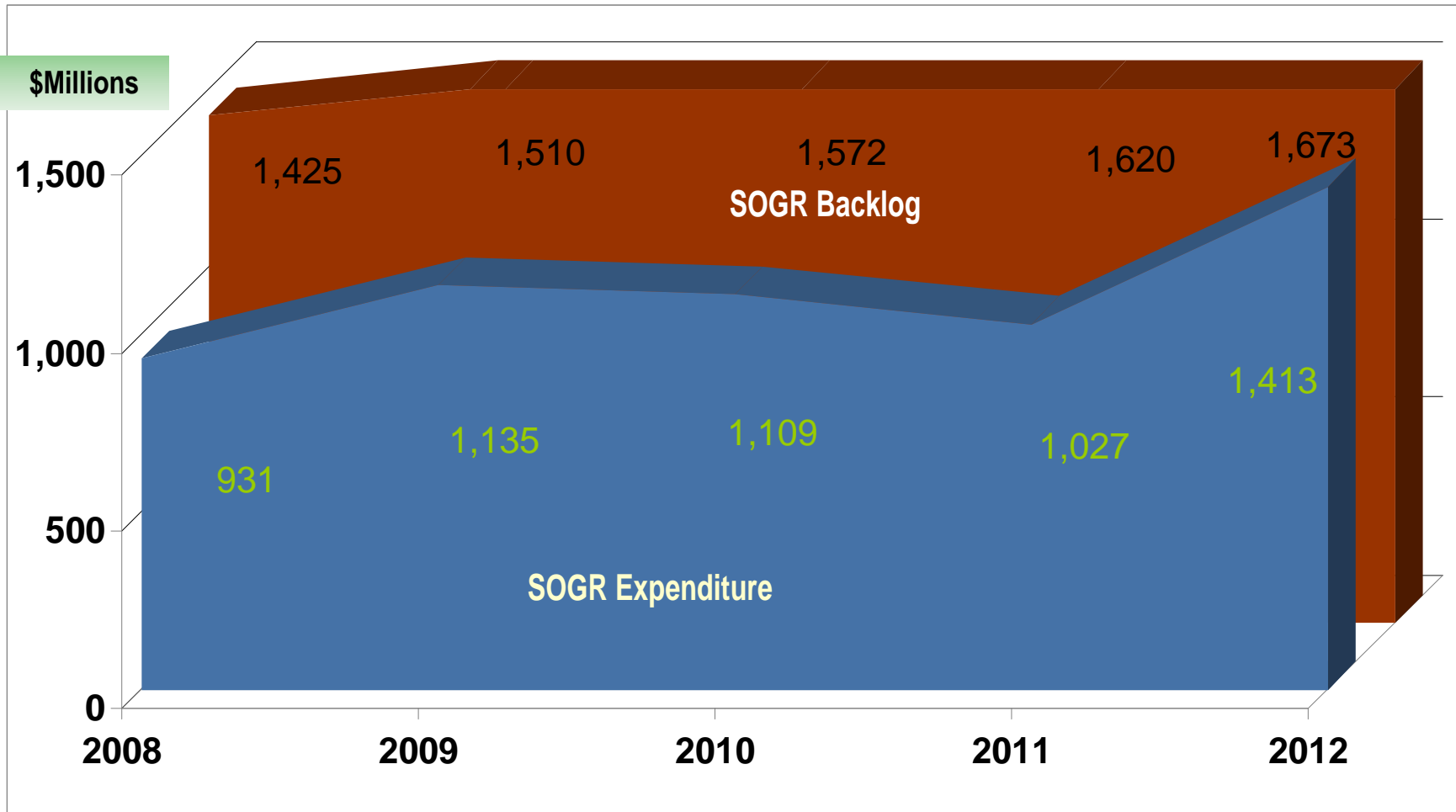
Note: Does not reflect Operating Impacts of Waterfront

# SOGR Backlog - Estimate at End of 2012 is \$1.673 Billion

	2008	2009	2010	2011	2012	Change from 2008 (Decrease)
Citizen Centred Services - A	295,343	322,714	340,319	367,651	380,324	84,981
Citizen Centred Services - B	326,975	353,832	392,927	418,077	423,253	96,278
Internal Services	187,268	170,679	149,568	124,399	100,544	(86,724)
Other City Programs	191,945	181,308	162,414	143,723	128,732	(63,213)
<b>Total - City Operations</b>	<b>1,001,531</b>	<b>1,028,533</b>	<b>1,045,228</b>	<b>1,053,850</b>	<b>1,032,853</b>	<b>31,322</b>
ABCs (Excl. TTC)	283,578	284,674	281,235	273,357	277,710	(5,868)
Toronto Transit Commission	139,560	196,610	245,540	293,140	362,640	223,080
<b>Total - Tax Supported Programs</b>	<b>1,424,669</b>	<b>1,509,817</b>	<b>1,572,003</b>	<b>1,620,347</b>	<b>1,673,203</b>	<b>248,534</b>



# Backlog Significant Despite 2008 – 2012 Commitment of \$5.6 Billion to SOGR



# TTC 2008-2012 Recommended Capital Plan

(\$Millions)

	2006	2007	2008	2009	2010	2011	2012	2008-2012
<b>2008 Recommended Budget and 2009 - 2012 Capital Plan</b>	<b>550</b>	<b>707</b>	<b>697</b>	<b>875</b>	<b>771</b>	<b>677</b>	<b>1,104</b>	<b>4,123</b>
<b>Funding Sources</b>								
Ontario Transit Vehicle Program / Bus Replacement Program (OTVP/OBRP)	33	15	17	17	17	9	13	75
Ontario Rolling Stock Infrastructure Funding	34	61	59	-	-	-	-	59
Long Term Funding Requirement	-	-	10	92	84	76	219	481
Golden Horseshoe Transit Investment Partnerships	22	10	-	-	-	-	-	-
Kipling / Islington Redevelopment	-	-	13	13	6	-	-	32
Canada Strategic Infrastructure Program (CSIF)	71	79	69	47	30	20	7	173
Provincial gas tax	39	70	70	70	70	70	70	348
<b>Total Provincial Funding</b>	<b>199</b>	<b>235</b>	<b>238</b>	<b>239</b>	<b>207</b>	<b>175</b>	<b>309</b>	<b>1,168</b>
Canada Strategic Infrastructure Program (CSIF)	76	85	75	50	32	21	7	185
CSIF Additional (CSIF2)	-	-	18	30	34	44	198	324
Transit-Secure Funding	2	4	4	0	-	-	-	4
Base Federal Gas Tax - 5 cent (population)	49	65	81	163	163	163	163	733
Additional Support for Transit Federal Gas Tax - 1 cent (ridership)	-	-	-	-	-	-	-	-
Public Transit Capital Trust (ridership)	74	75	78	-	-	-	-	78
<b>Total Federal Funding</b>	<b>201</b>	<b>229</b>	<b>256</b>	<b>244</b>	<b>229</b>	<b>228</b>	<b>367</b>	<b>1,324</b>
TTC internal (depreciation)	14	17	18	18	18	18	18	90
Other Reserves / Accounting Adjustments	1	5	22	20	7	-	-	49
Development charges	5	4	-	73	14	15	15	117
<b>Total Other Funding</b>	<b>20</b>	<b>25</b>	<b>40</b>	<b>111</b>	<b>39</b>	<b>33</b>	<b>33</b>	<b>256</b>
<b>City Debt Target - revised</b>	<b>200</b>	<b>227</b>	<b>167</b>	<b>200</b>	<b>200</b>	<b>194</b>	<b>194</b>	<b>956</b>
<b>Total Funding</b>	<b>619</b>	<b>716</b>	<b>701</b>	<b>793</b>	<b>676</b>	<b>630</b>	<b>903</b>	<b>3,703</b>
<b>Funding Shortfall (Surplus)</b>	<b>(69)</b>	<b>(9)</b>	<b>(4)</b>	<b>82</b>	<b>95</b>	<b>47</b>	<b>200</b>	<b>420</b>

# Key Transit Funding Issues

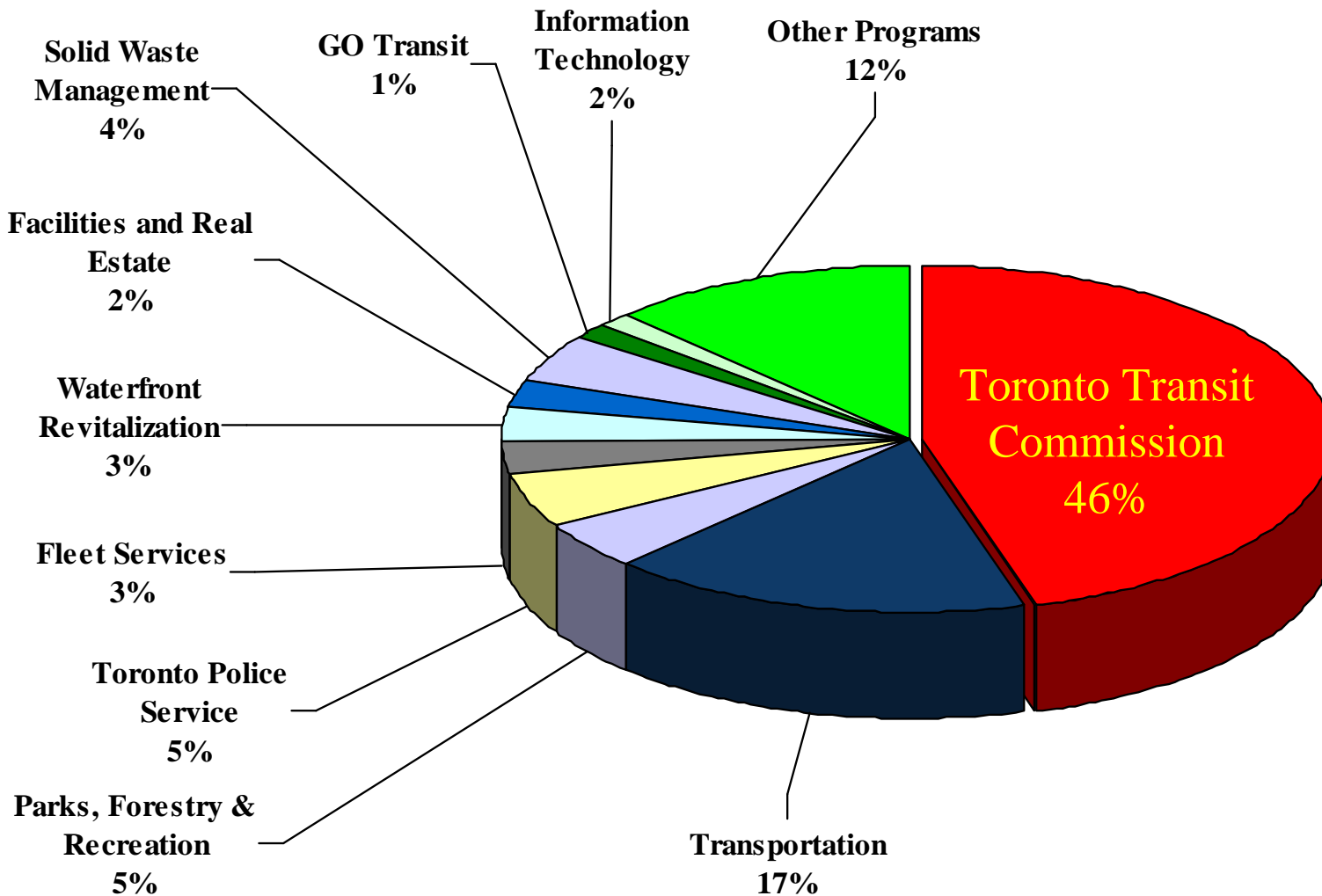
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- The TTC's 2008 Capital Budget and 2009 – 2012 Capital Plan exceeds the affordable debt target by \$420 million as compared to \$197 million in the 2007-2011 Budget
- The TTC has initiated five “packages” of transit projects subject to Provincial / Federal funding: Streetcars, Scarborough Rapid Transit, Yonge/University/Spadina subway capacity enhancements, Accessibility and GTA Farecard
- If the Province provides funding for these five packages of projects, the City would have \$938 million more net transit funding
- Funding assumptions/initiatives were made:
  - \$481 million in long-term vehicle funding from the Province
  - \$324 million in long-term funding for rail vehicles from the Federal government
- The TTC's Capital Program would then be fully funded

# 2008 Recommended Capital Budget

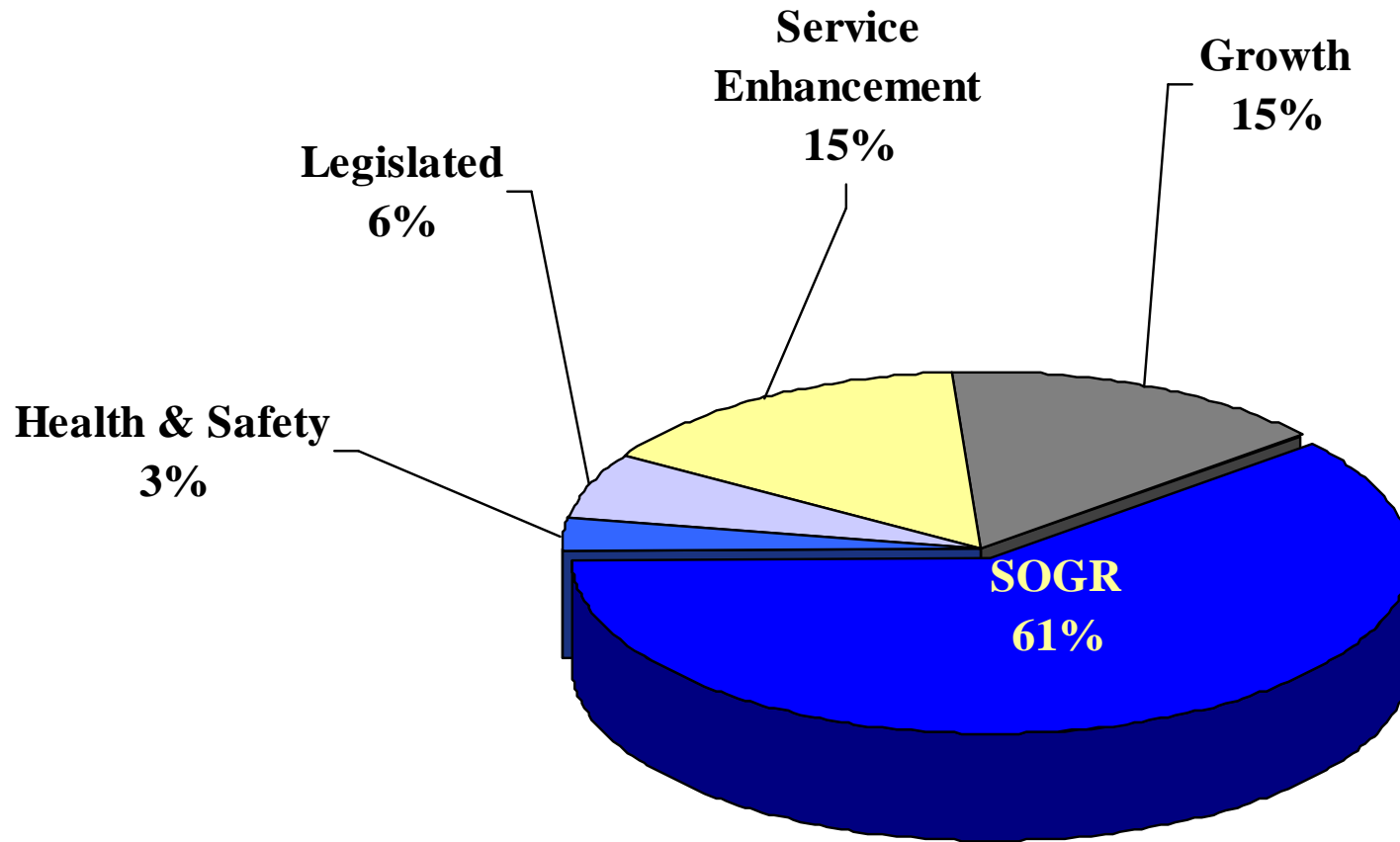
# 2008 Recommended Capital Budget - \$1.527 Billion

- Transit Represents 46%



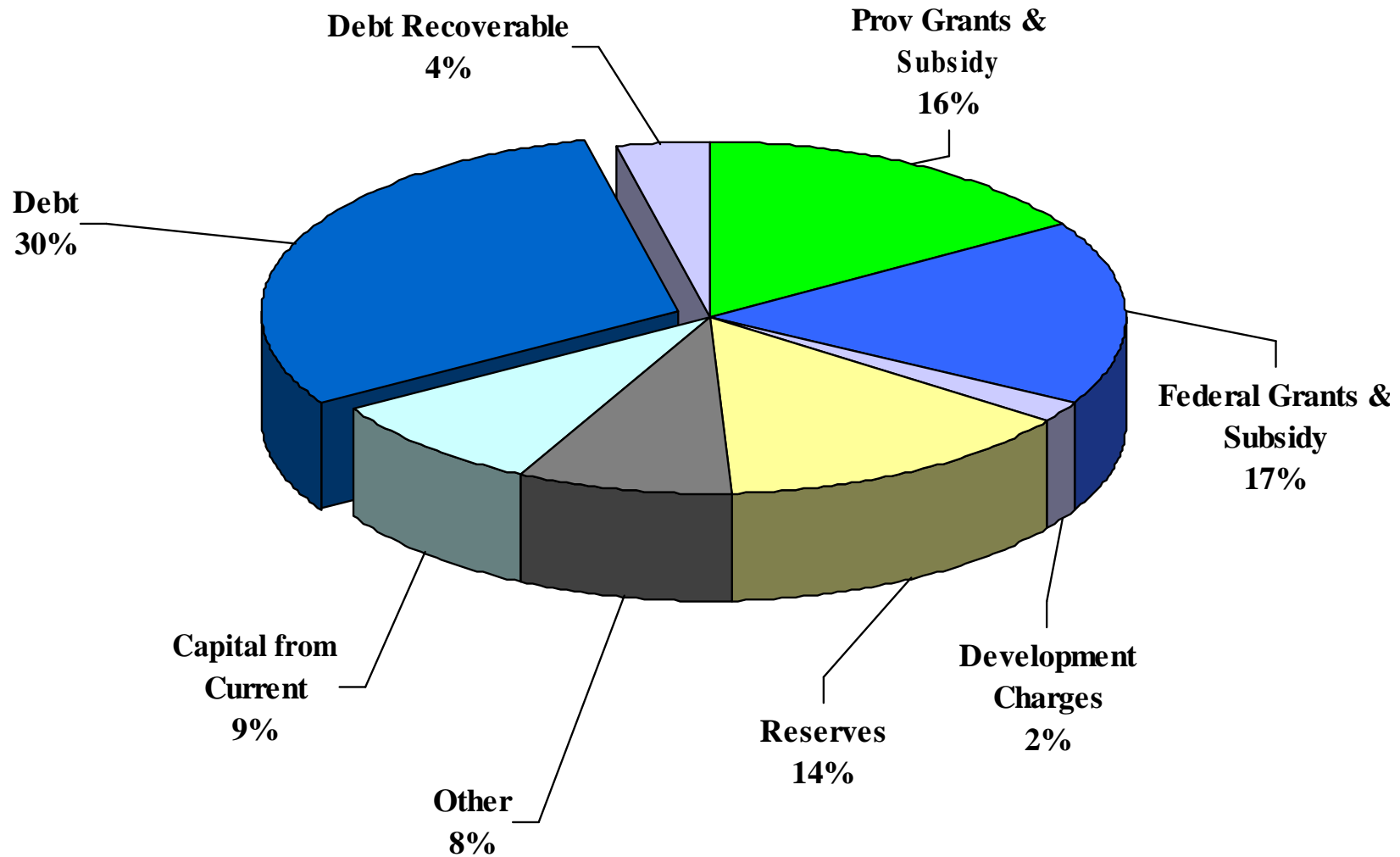
# 2008 Recommended Capital Budget - \$1.527 Billion

## - 61% Committed to State of Good Repair



# 2008 Recommended Capital Budget - \$1.527 Billion

## - 30% Financed by Debt

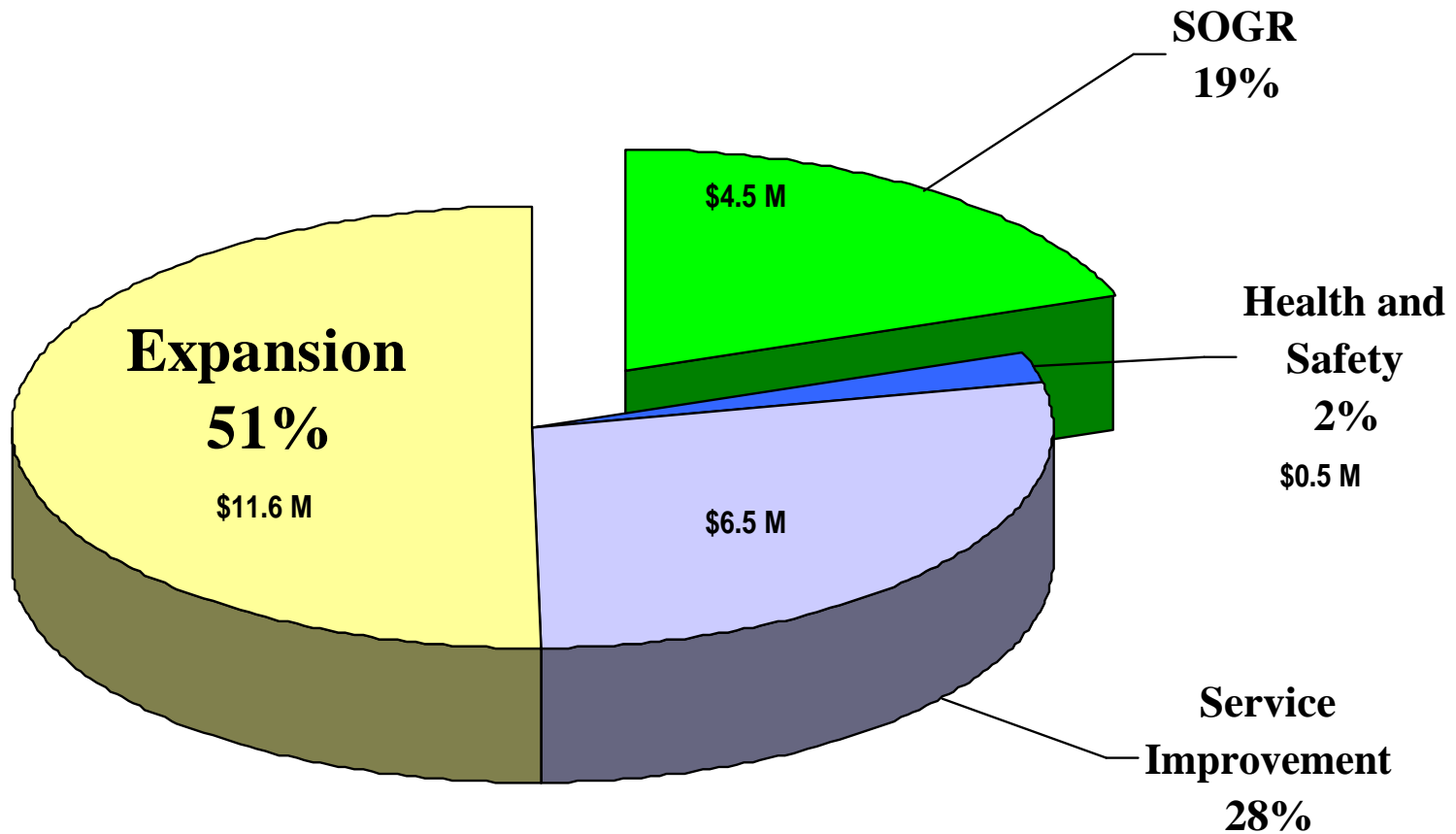


# 2008 Recommended Capital Cash Flow - \$1.752 Billion - Includes Carry Forward Funding (\$Millions)

Programs / ABCs	2007 Council Approved Cash Flow	2008 Recommended Cash Flow				
		2007 Carry Forward Funding	2008 Capital Budget			Total 2008 Cash Flow
			New and Change in Scope Projects	Previously Approved Projects	2008 Capital Budget	
City Operations	758	136	352	315	667	803
Special Purpose Bodies - before Transit and TPA	110	36	68	71	139	175
<b>Total Before Transit &amp; TPA</b>	<b>868</b>	<b>172</b>	<b>420</b>	<b>386</b>	<b>806</b>	<b>978</b>
Toronto Transit Commission	718	53	154	544	698	751
GO Transit	20		20		20	20
Toronto Port Authority	3		3		3	3
<b>Total - Tax Supported Program</b>	<b>1,609</b>	<b>225</b>	<b>597</b>	<b>930</b>	<b>1,527</b>	<b>1,752</b>



# 2008 Toronto Parking Authority Recommended Capital Budget - \$23.096 Million



# Conclusion and Schedule

# Conclusion

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- This 2008 Staff Recommended Capital Budget and 2009 – 2012 Capital Plan:
  - Supports Council’s debt management plan and capital investment strategies
    - ✓ Meets approved debt and CFC guidelines
    - ✓ CFC increased by 10% per annum to reduce reliance on debt
  - Balances infrastructure spending needs with fiscal responsibility – new debt constrained
  - Protects existing infrastructure and capital assets to fulfill community service needs
  - Reduces rate of (deferred maintenance) SOGR backlog growth
  - Includes moderate new investment in infrastructure expansion that advances the Council’s policy agenda and strategic priorities

## Conclusion (continued)

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- In accordance with the City's multi-year financial planning framework and budgeting policies, the 2008 – 2012 Capital Plan:
  - represents a predictable capital investment plan for the next five years within annual debt affordability limits:
    - ✓ accelerate projects with offsets by deferral of others of an equal value by year
    - ✓ introduce new projects but must be supported by identification of other project(s) of equal value for deferral which must be approved by Council

# Key Outstanding Capital Issues

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- Increased capital funding subsidies from the other Orders of Government needed:
  - Long-term commitment to Infrastructure funding and increased Gas Tax sharing
  - National Transit Strategy
- Development Charge Update 2008 & Beyond
- Land Acquisition Reserve Fund is fully committed
- PSAB implementation in 2009 – impact of capital asset accounting and budgeting
- Framework for evaluating and prioritizing new and expansion facility projects
  - Need to ensure that highest priority projects corporate-wide are funded first

# 2008 Capital Budget Schedule - Key Dates

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	<b>Committee</b>	<b>Business</b>
October 29	Budget Committee	Introduce Capital Budget
November 13	Budget Committee	Capital Budget Hearings - (Councillors/Stakeholder Groups)
November 14	Budget Committee	Capital Budget Review
November 21	Budget Committee	Capital Budget Final Wrap-Up
November 26	Executive Committee	Capital Budget Review
December 6	Council	Capital Budget Approval

