

**Analyst Briefing Notes  
Budget Committee Review  
(October 30, 2008)**

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

- The 2008 Approved Capital Budget of \$10.259 million was 0.1% or \$0.012 million spent as at June 30, 2008. Year-end expenditures are projected to be \$3.255 million or 32% of the 2008 Approved Capital Budget. The projected under expenditure of \$7.004 million is primarily attributable to under spending of the Health and Safety/Playground project of \$3.6 million of the \$5.0 million budget, as only \$0.407 million of the Provincial share (\$4.0 million) has been confirmed for 2008. New Child Care Centres are projected to be under spent by \$2.860 million, as the design phase of Chester Le and St Andrew have been delayed due to ongoing negotiations with the district school boards. The Regent Park Child Care Centre is projected to be under spent by \$0.550 million, with construction expected to commence in the fall.
- The 2009 Recommended Capital Budget; 2010 – 2013 Capital Plan, and 2014 to 2018 Proposed Forecast total \$65.297 million of which \$38.797 million is for the Recommended 5-Year Capital Plan. The 5-Year Capital Plan is funded by Provincial Grants for \$20.0 million or 52%; debt financing for \$7.8 million or 20%; the Child Care Capital Reserve Fund for \$5.687 million or 15%; the Capital Financing Reserve Fund for \$3.5 million or 8%; and Development Charges for \$1.810 million or 5%. The Program meets the debt affordability guidelines in each year of the Capital Plan and Forecast.
- The Recommended 5-Year Capital Plan requires cash flow of \$8.532 million in 2009; \$12.265 million in 2010; \$7.4 million in 2011; \$5.3 million in 2012; and, \$5.3 million in 2013 to undertake the following: the construction of 4 new child care centres in under-served areas; the construction of the new child care centre at Nelson Mandela Public School and the relocation of the Regent Park Child Care Centre as part of the Regent Park Revitalization Initiative; addresses the on-going state of good repair requirements of municipally owned child care centre facilities; and assists child care operators to address health and safety issues, including playground retrofits to comply with licensing requirements under the Day Nurseries Act and the new Canadian Standards Association (CSA) standards.
- The 5-Year Capital Plan is 64% allocated to Health and Safety projects at \$25.0 million; 30% allocated to Service Improvement projects at \$11.597 million; and 6% allocated to State of Good Repair projects at \$2.2 million.
- The Recommended 5-Year Capital Plan advances Council's priorities through "investing in the City's 13 Priority Neighbourhoods" and "transforming and revitalizing social housing communities.". Over the next 3 years, \$8.097 million will be allocated for the construction of four new child care centres that address the need to provide access to quality licensed subsidized childcare in under served areas; \$4.2 million is included for two projects that are part of the Regent Park Revitalization Plan. These projects include:

- construction of Chester Le for \$3.1 million located in Ward 39 (66 spaces)
- construction of Centre D for \$2.5 million (site to be determined);
- construction of St Andrew for \$2.0 million, located in Ward 1 (52 spaces)
- complete construction Thorncliffe Park Child Care Centre, for \$0.496 million, located in Ward 26 (56 spaces), with completion date of 2009.
- construction of the new Nelson Mandela Park School Child Care Centre for \$3.5 million (scheduled for completion in 2011, with 80 spaces) as part of the Regent Park Revitalization Plan;
- complete the 30 Regent Street – Child Care Centre Replacement for \$0.7 million (scheduled for completion in 2009, 40 spaces) as part of the Regent Park Revitalization Plan;
- The 2009 Recommended Capital Budget of \$19.701 million includes:
  - commitments for previously approved projects and new projects requiring 2009 cash flow of \$8.532 million. This cash flow combined with carry forward funding of \$2.104 million for 2008 projects brings the total 2009 Recommended Capital Budget to \$10.636 million; and,
  - future year commitments of \$6.965 million in 2010 and \$2.1 million in 2011.
- The 2009 recommended cash flow of \$8.532 million is 58% allocated to ongoing health and safety repairs for child care and family resource centre playgrounds at \$5.0 million; 30% for four Service Improvement projects at \$2.532 million; 12% for state of good repair initiatives in City-owned facilities at \$1.0 million. Included in service improvement is funding for the completion of three new child care centres in high-needs areas: Thorncliffe Park (\$1.123 million, 56 spaces); Chester Le (\$1.563 million); and St Andrew (\$1.2 million); and \$0.2 million to begin a feasibility study and design work for one new child care centre (site not yet identified), with completion dates in 2011.
- The Recommended 5-Year Capital Budget includes development charge funding of \$1.810 million, with \$0.466 million in 2009; \$1.078 million in 2010; and \$0.266 million in 2011. This funding supports the construction of four new child care centres in under served areas.
- Children's Services does not have a State of Good Repair (SOGR) backlog at year-end 2008. The annual funding of \$0.3 million to maintain each facility operated by Children's Services that is included in the Recommended 5 Year Capital Plan and the Proposed 5-Year Forecast will fully address the annual SOGR requirements of the Program.

## **Recommendations**

The City Manager and Acting Chief Financial Officer recommend that:

- (1) Council approve the 2009 Recommended Capital Budget for Children's Services with a total project cost of \$12.363 million and a 2009 cash flow of \$10.636 million and future year commitments of \$9.065 million. The 2009 Recommended Capital Budget consists of the following:
  - a) New Cash Flow Funding for:
    - i) seven new and change in scope sub-projects with a total project cost of \$12.363 million that requires cash flow of \$5.5 million in 2009 and future year commitments of \$4.713 million in 2011; and \$2.1 million in 2012; and
    - ii) four previously approved sub-projects with a 2009 cash flow of \$2.1 million and future year commitments of \$2.2 million in 2010.
    - iii) two previously approved sub-projects with carry forward funding from 2007 and prior years requiring 2009 cash flows of \$0.882 million and future year commitments of \$0.052 million in 2010 cash flows, which forms part of the affordability targets that requires Council to reaffirm its commitments; and
  - b) 2008 approved cash flow for two previously approved sub-projects with carry forward funding from 2008 into 2009 totalling \$2.104 million.
- (2) Council approve the new debt service costs of \$0.033 million in 2009 and incremental costs of \$0.137 million in 2010, resulting from the approval of the 2009 Recommended Capital Budget to be included in the 2009 Operating Budget and future year operating budgets;
- (3) Council approve the 2010-2013 Capital Plan for Children's Services totalling \$21.2 million in project estimates, comprised of \$5.3 million in 2010; \$5.3million in 2011; \$5.3 million in 2012; and \$5.3 million in 2013;
- (4) Council approve in principle the 2014-2018 Capital Forecast for Children's Services totalling \$26.5 million in project estimates, comprised of \$5.3 million in 2014; \$5.3 million in 2015; \$5.3 million in 2016; \$5.3 million in 2017; and \$5.3 million in 2018; and that this forecast be used as a foundation for preparing a 2010-2019 Capital Plan and Forecast as part of the 2010 Capital Budget process;
- (5) The Energy Retrofit Municipal Child Care Centre requirements for Children's Services totalling \$2.522 million be referred to the Energy Efficiency Office and the Energy and Waste Management Office in Facilities and Real Estate; and,
- (6) Approval of \$4.0 million of the \$5.0 million gross expenditure for the Health and Safety / Playground project, corresponding to Provincial subsidies, be conditional on receiving this funding from the Province.

## PART II: CAPITAL PROGRAM

### 2008 Capital Variance Review

2008 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2008 Approved	Actuals as of June 30 (2nd Qtr Variance)		Projected Actuals at Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
10,259	12	0.1%	3,255	32%	7,004

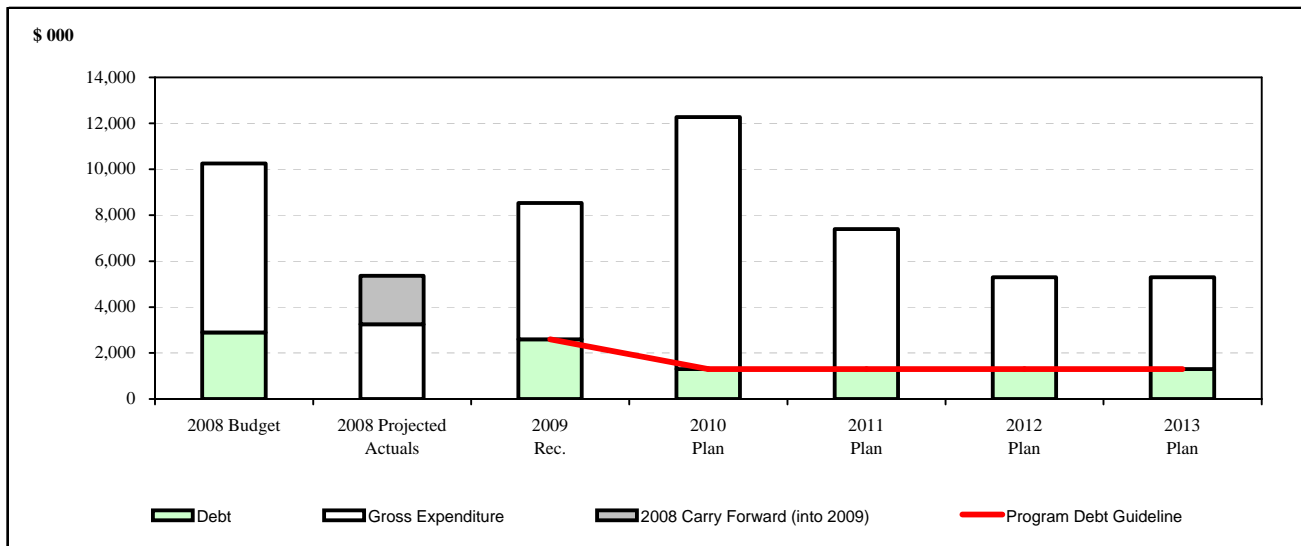
#### Comments / Issues:

At the end of the 2<sup>nd</sup> quarter, Children's Services spent \$0.012 million or 0.1% of its 2008 approved cash flow of \$10.259 million. The Program is projecting to spend \$3.255 million or 31.7% of its 2008 approved cash flow by year end. Of the unspent balance, \$2.104 million in funding is projected to be carried forward in 2009 to complete 2008 projects.

The projected under-expenditure is mainly attributed to the following:

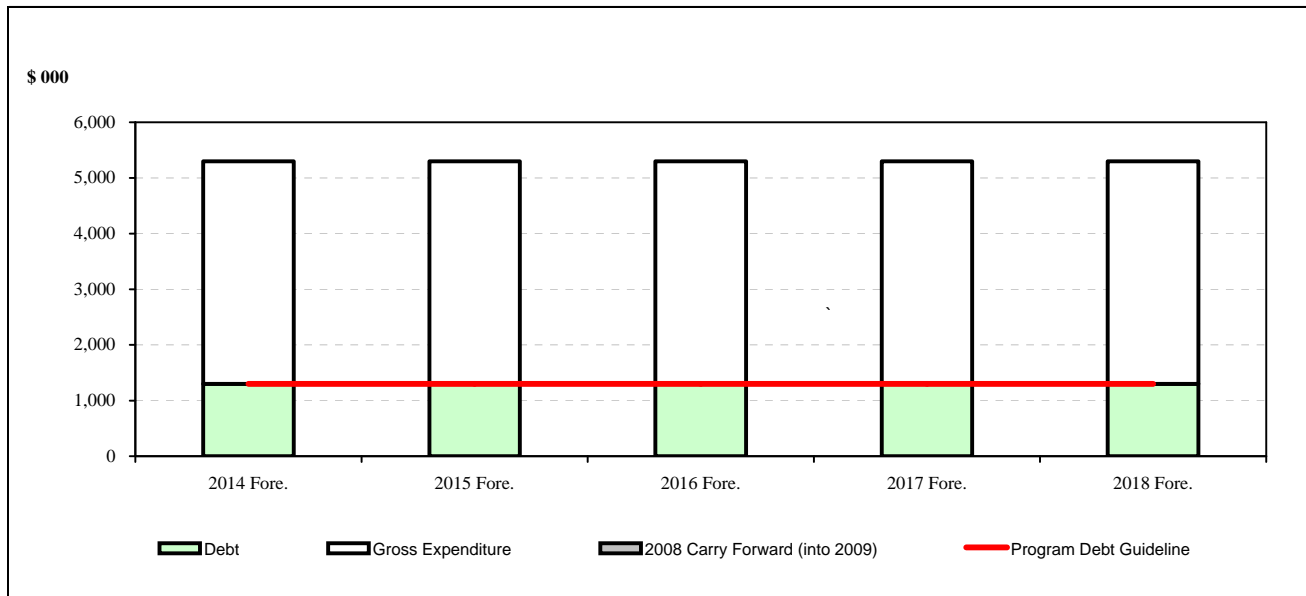
- The Health and Safety/Playground Program of \$5.0 million is projected to be under-spent by \$3.6 million, as only \$0.407 million of \$4.0 million Provincial portion has been confirmed; the \$1.0 million municipal share will be fully spent by year-end.
- The New Child Care Centres project is projected to be under-spent by \$2.860 million, as the construction of the Thorncliffe Park Child Care Centre is underway and is expected to be completed in 2009, while Chester Le and St Andrew Child Care Centres are still undergoing architectural reviews.
- The Regent Park Child Care Centre is projected to be under-spent by \$0.550 million. The architectural drawings are being finalized and construction is expected to commence in the 3rd quarter of 2008.

5-Year Capital Plan (2009-2013)



	5-Year Capital Plan								5-Year Total Percent
	2008		2009	2010	2011	2012	2013	2009-2013	
	Budget	Projected Actual							
<b>Gross Expenditures:</b>									
2008 Capital Budget & Future Year Commitments	10,259	3,255	3,300	500				3,800	
Recommended Changes to Commitments			(318)	1,752				1,434	
2009 New/Change in Scope and Future Year Commitments			5,550	4,713	2,100			12,363	
2010 - 2013 Capital Plan Estimates				5,300	5,300	5,300	5,300	21,200	
1-Year Carry Forward to 2009		2,104							
<b>Total Gross Annual Expenditures &amp; Plan</b>	<b>10,259</b>	<b>5,359</b>	<b>8,532</b>	<b>12,265</b>	<b>7,400</b>	<b>5,300</b>	<b>5,300</b>	<b>38,797</b>	
<b>Program Debt Target</b>	<b>4,125</b>		<b>2,600</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>7,800</b>	
<b>Financing:</b>									
Recommended Debt	2,900		2,600	1,300	1,300	1,300	1,300	7,800	20%
Reserves/Reserve Funds	2,000		1,446	5,907	1,834			9,187	24%
Development Charges			486	1,058	266			1,810	5%
Federal								0	0%
Provincial	4,000		4,000	4,000	4,000	4,000	4,000	20,000	52%
Other Revenue	1,359							0	0%
<b>Total Financing</b>	<b>10,259</b>		<b>8,532</b>	<b>12,265</b>	<b>7,400</b>	<b>5,300</b>	<b>5,300</b>	<b>38,797</b>	<b>100%</b>
<b>By Category:</b>									
Health & Safety	5,000		5,000	5,000	5,000	5,000	5,000	25,000	64%
Legislated								0	0%
SOGR	1,350		1,000	300	300	300	300	2,200	6%
Service Improvement	3,909		2,532	6,965	2,100			11,597	30%
Growth Related								0	0%
<b>Total By Category</b>	<b>10,259</b>		<b>8,532</b>	<b>12,265</b>	<b>7,400</b>	<b>5,300</b>	<b>5,300</b>	<b>38,797</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								0	
Debt Service Costs			33	169	169	169	169	709	

10-Year Capital Plan and Forecast Overview



	5-Year Capital Forecast								10-Year Total Percent
	2014	2015	2016	2017	2018	2014-2018	2009-2014		
<b>Gross Expenditures:</b>									
2008 Capital Budget & Future Year Commitments							0	3,800	
Recommended Changes to Commitments							0	1,434	
2009 New/Change in Scope and Future Year Commitments							0	12,363	
2014 - 2018 Capital Forecast Estimates	5,300	5,300	5,300	5,300	5,300	26,500	47,700		
<b>Total Gross Annual Expenditures &amp; Plan</b>	<b>5,300</b>	<b>5,300</b>	<b>5,300</b>	<b>5,300</b>	<b>5,300</b>	<b>26,500</b>	<b>65,297</b>		
<b>Program Debt Target</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>6,500</b>	<b>14,300</b>		
<b>Financing:</b>									
Recommended Debt	1,300	1,300	1,300	1,300	1,300	6,500	14,300	22%	
Reserves/Reserve Funds							0	9,187	15%
Development Charges							0	1,810	3%
Federal							0	0	0%
Provincial	4,000	4,000	4,000	4,000	4,000	20,000	40,000	61%	
Other Revenue							0	0	0%
<b>Total Financing</b>	<b>5,300</b>	<b>5,300</b>	<b>5,300</b>	<b>5,300</b>	<b>5,300</b>	<b>26,500</b>	<b>65,297</b>	<b>100%</b>	
<b>By Category:</b>									
Health & Safety	5,000	5,000	5,000	5,000	5,000	25,000	50,000	77%	
Legislated							0	0	0%
SOGR	300	300	300	300	300	1,500	3,700	6%	
Service Improvement							0	11,597	18%
Growth Related							0	0	0%
<b>Total By Category</b>	<b>5,300</b>	<b>5,300</b>	<b>5,300</b>	<b>5,300</b>	<b>5,300</b>	<b>26,500</b>	<b>65,297</b>	<b>100%</b>	
Yearly SOGR Backlog Estimate (not addressed by current plan)							0	0	
Accumulated Backlog Estimate (end of year)							0	0	
Operating Impact on Program Costs							0	0	
Debt Service Costs	169	169	169	169	169	845	1,554		

## **10 Year Capital Plan and Forecast Overview**

- The 2009 Capital Budget; 2010 to 2013 Recommended Capital Plan; and the 2014 to 2018 Proposed Forecast of \$65.297 million require debt funding of \$17.8 million. The Program meets the debt guideline for each year of the Recommended 5-Year Capital Plan and the Proposed 5-Year Forecast.
- The 10 Year Capital Plan and Forecast provides funding for the following:
  - assist child care operators address health and safety issues, including playground retrofits to comply with licensing requirements under the Day Nurseries Act and the new Canadian Standards Association (CSA) standards for \$25 million (\$20.0 million Provincial grant, \$5.0 million debt) for the 2009-2013 period and \$25 million (\$20.0 million Provincial grant, \$5.0 million debt) for the 2014-2018 period;
  - complete four new child care centres in under-served areas of the City for \$8.097 million (174 new spaces);
  - funding the Regent Park Revitalization Plan through the construction of a new child care centre as part of the Nelson Mandela Public School Renovation for \$3.5 million (80 spaces), and complete the replacement the Regent Park Child Care Centre Care centre for \$0.7 million (40 spaces).
  - address the state of good repair requirements of municipally owned child care centre facilities for \$1.5 million for the 2009-2013 period and \$1.5 million for the 2014-2018 period.
- The 10-Year Capital Plan and Proposed Forecast is 76% allocated to Health and Safety projects at \$50.0 million; 18% allocated to Service Improvement projects at \$11.597 million; 6% allocated to State of Good Repair projects at \$3.7 million; the 10-Year Capital Plan and Forecast is funded from Provincial grants subsidies of \$40 million or 61%; debt of \$14.3 million or 22%; reserve funds of \$9.187 million or 14%; and development charges of \$1.810 million or 3%.

### **Multi-Year Debt Affordability Targets**

Children's Services 2009 Recommended Capital Budget; 2010 – 2013 Capital Plan, and 2014 to 2018 Proposed Forecast meets the affordability guideline in each year of the Capital Plan and Forecast. The Program has minimized the use of debt financing by utilizing Provincial grants; the Child Care Reserve Fund, the Capital Financing Reserve Fund; and Development Charge financing.

### **Project Financing**

The Recommended 5-Year Capital Plan is funded from Provincial Grants for \$20.0 million or 51%; debt financing for \$7.8 million or 20%; and the Child Care Capital Reserve Fund for \$5.687 million or 15%; \$3.5 million from the Capital Financing Reserve Fund or 9%; and Development Charges for \$1.810 million or 5%.

The Health & Safety/Playground Program for \$25.0 million (or 64% of the Recommended 5-Year Capital Plan) provides funding to address ongoing health and safety issues including playground retrofits in community child care programs. This project assumes 80% funding from the Province or \$20.0 million and 20% or \$5.0 debt funding. Due to the uncertainty of the Provincial funding



commitment, the Provincial share of expenditures is conditional on the receipt of Provincial funding of \$4.0 million for 2009 and \$4.0 million for each of the years 2010-2013.

The New Child Care Centre Project includes four centres (\$8.097 million or 21% Recommended 5-Year Capital Plan) and is funded through the Child Care Capital Reserve Fund of \$5.687 million, development charges of \$1.810 million and debt funding of \$0.6 million for Chester Le.

The construction of the new child care centre at the Nelson Mandela Public School for \$3.5 million is funded from the Capital Financing Reserve Fund, and will provide 80 child care spaces.

The projected Child Care Reserve Fund balance at the beginning of 2009 is \$10.081 million. Draws for project commitments from 2009 through 2013 will result in an ending balance of \$2.980 million. Future year plans for new child care centres will be impacted if this fund is not replenished.

**Development Charge Funded Projects**

The Recommended 10-Year Capital Plan and Forecast includes development charge financing of \$1.810 million in years 2009 – 2011 as part of the cash flow project commitments for the following four new child care Centre projects in under-served areas in the City: Thorncliffe Park for \$0.120 million; St Andrew for \$0.483 million; Centre D for \$0.603 million; and Chester Le for \$0.604 million, as noted in the following table:

10-Year Plan and Forecast Development Charge Funding								
	2009	2010	2011	2012	2013	5-Year Plan	2014-2018 Forecast	2009-2018 Total
New Child Care Centres								
Thorncliffe Park	120.0					120.0	0.0	120.0
Chester Le Centre	105.0	498.6				603.6	0.0	603.6
St Andrew	193.1	289.7				482.8	0.0	482.8
Centre D	48.3	289.7	265.6			603.6	0.0	603.6
<b>Total Development Charges</b>	<b>466.4</b>	<b>1,078.0</b>	<b>265.6</b>	<b>0.0</b>	<b>0.0</b>	<b>1,810.0</b>	<b>0.0</b>	<b>1,810.0</b>

There are no growth related or service improvement projects in the 5-Year Proposed Forecast.

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

**State of Good Repair:** In order to maintain the state of good repair in the 20 City owned facilities, the 10-Year Capital Plan and Forecast includes funding of \$3.0 million in the Municipal Child Care (MCCS) State Of Good Repair project, with \$0.3 million in the 2009 Recommended Capital Budget; \$1.2 million in the 2010-2013 Capital Plan and \$1.5 million in the 2014-2019 Proposed Forecast. This project is based on a building condition assessment study completed by Facilities and Real Estate (F&RE) in December, 2006, which recommended annual funding of \$0.3 million to maintain the child care centres in a SOGR.

Children’s Services does not have a SOGR backlog at the end of 2008.

**Unmet Service Needs:** To meet the debt guideline, seven projects that total \$17.552 million, with 100% debt funding have been identified as unmet service needs, and hence, not included in the 5-Year Capital Plan. These projects include the following: construct four New Child Care Centres each with 100 spaces each; develop a Web based Children’s Services Information System (CSIS) 111 to provide public access to child care information; reduce environmental impact through the Energy Retrofit Municipal Child Care Centres project.

The scope and required cash flow of these projects are outlined in the following table:

Project	2009	2010	2011	2012	2013	2014-2018	Total	Comments
New Child Care Centres II		3,000.0	3,000.0	3,000.0	3,000.0	0.0	12,000.0	Provide 100 new spaces at each centre as the means to improve geographic equity at the individual ward level by 10% each year through service growth so that each Ward is within 10% of equity by 2013.
CSIS III			1,000.0	1,000.0	1,000.0	0.0	3,000.0	In accordance with the recommendations in the Auditor General's report and to adhere to Corporate IT standards, this project will develop new Web based applications that will provide public access to child care information. This system would reprogram the current system from Oracle to Java.
Energy Retrofit MCC Centres	952.0	822.0	778.0			0.0	2,552.0	Under the objective to "Introduce climate change initiatives that reduce the impact on the environment" this project funds the retrofit of municipal operated child care centres for energy savings.
<b>Total Requirements</b>	<b>952.0</b>	<b>3,822.0</b>	<b>4,778.0</b>	<b>4,000.0</b>	<b>4,000.0</b>	<b>0.0</b>	<b>17,552.0</b>	

In response to the need to address Council’s priority to “introduce climate change initiatives, that reduce the impact on the environment” Children’s Services has included \$2.552 million in the Energy Retrofit MCC Centres project to retrofit municipal operated child care centres for energy savings in unmet service needs.

Facilities and Real Estate, through the Energy Efficiency and the Energy and Waste Management Office, co-ordinates energy efficiency efforts across the City. As part of the City’s Energy and Retrofit Program, Facilities and Real Estate will include these projects in its 2010 Capital Plan.

**Program Capacity and Readiness to Proceed**

Children's Services spent \$0.012 million or 0.1% of its 2008 approved cash flow of \$10.259 million at the end of June, 2008. The Program is projecting to spend \$3.255 million or 31.7% of its 2008 approved cash flow by year end, leaving \$7.004 million unspent. As in previous years, spending levels for Children’s Services are negatively impacted by the fact that budgeted Provincial funding fails to materialize.

Of the total \$7.004 million projected under spending for 2008, \$3.6 million is uncontrollable and represents the Provincial portion of the Health and Safety/ Playground project. The City has budgeted \$5.0 million in 2008 for this project, with 80% or \$4.0 million representing the Provincial portion, and \$1.0 million funded by debt. The Province has indicated that only \$0.407 million will be funded in 2008; the Program is projecting to spend the City’s portion of \$1.0 million and the confirmed Provincial portion of \$0.407 million by year-end.

In 2007 and 2008, spending delays for the Chester Le and St Andrew new child care centres were attributable both to difficulties in finding suitable sites, and delays resulting from the need to negotiate the design and service requirements with the school boards. As well, there have been delays in construction at Thorncliffe Park, pushing back the completion date for this project from 2008 to 2009.

To better represent the actual funding with the timing of the construction phases, which are impacted by the need to negotiate service requirements and finalize design work with the school boards and the non-profit agencies that will be delivering the child care services, the construction start dates for Chester Le and St Andrew has been deferred from 2009 to 2010.

**Changes to the 5-Year Capital Plan (2009-2013)**

Changes totalling \$1.434 million have been made to the 2008-2012 Approved Capital Plan and are reflected in the 2009-2013 Recommended Capital Plan.

	2009	2010	2011	2012	2013	Total	Comment
New Child Care Centres							
Thorncliffe Park	447.0	0.0				447.0	Construction to be completed in 2009
Chester Le Centre	(565.0)	1,552.0				987.0	Start delayed, due to discussions with TDSB
St Andrew	(200.0)	200.0				0.0	Feasibility study complete, proceeding into design stage
Total changes from 2008	<u>(318.0)</u>	<u>1,752.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>1,434.0</u>	

- **Thorncliffe Park:** \$0.447 million in funding is carried forward from 2007 to 2009 due to construction delays.
- **Chester Le:** \$0.487 million in funding is carried forward from 2007 to 2009; and deferral of \$0.5 million from 2008 to 2010 is due to delays in the project design, as negotiations with Toronto District School Board have taken longer than anticipated.
- **St Andrew:** \$0.2 million is deferred from 2009 to 2010, as the project start date was pushed back, due to delay in negotiations with School Board.

**Capital Projects Highlights**

The Recommended 10-Year Capital Plan and Forecast supports the following two strategic priorities:

***Invest in the City’s 13 Priority Neighbourhoods***

Children’s Services Recommended 10 Year Capital Plan and Proposed Forecast supports the strategic priority to “invest in the City’s 13 Priority Neighbourhoods”. Over the next 3 years, \$8.097 million will be allocated for the construction of four new child care centres that will address the need to provide access to quality licensed subsidized childcare in under served areas. These projects will provide an additional 174 child care spaces, and include following: the Chester Le Child Care Centre for \$3.1 million (66 spaces); the Centre D Child Care Centre for \$2.5 million (site to be determined); the St Andrew Child Care Centre for \$2.0 million (52 spaces); and \$0.497 million for the completion of the Thorncliffe Park Child Care Centre (56 spaces)

*Affordable Housing and Homelessness*

Children’s Recommended 10 Year Capital Plan and Proposed Forecast also supports the strategic priority “transforming and revitalizing social housing communities” by including two projects as part of the Regent Park Revitalization Plan: \$3.5 million for the new child care centre as part of the Nelson Mandela Park School Renovation (scheduled for completion in 2011, with 32 additional spaces); and \$0.7 million to complete the 30 Regent Street – Child Care Centre Replacement (scheduled for completion in 2009, with 40 spaces).

**Summary of Major Capital Initiatives**

(In \$Thousands)	2009 Rec. Budget	2010 Plan	2011 Plan	2012 Plan	2013 Plan	5-Year Plan	2014 -2018 Forecast	2009 -2018 Total
<b>New &amp; Expanded Facility Projects</b>								
Thorncliffe Park	497.0					497.0		497.0
Chester Le Centre	1,035.0	2,065.0				3,100.0		3,100.0
St Andrew	800.0	1,200.0				2,000.0		2,000.0
Centre D	200.0	1,200.0	1,100.0			2,500.0		2,500.0
Sub-Total	2,532.0	4,465.0	1,100.0	0.0	0.0	8,097.0	0.0	8,097.0
<b>Regent Park Revitalization</b>								
Nelson Mandela PS Renovation		2,500.0	1,000.0			3,500.0		3,500.0
30 Regent Street - Child Care Centre Replacement	700.0					700.0		700.0
Sub-Total	700.0	2,500.0	1,000.0	0.0	0.0	4,200.0		4,200.0
<b>Total</b>	<b>3,232.0</b>	<b>6,965.0</b>	<b>2,100.0</b>	<b>0.0</b>	<b>0.0</b>	<b>12,297.0</b>	<b>0.0</b>	<b>12,297.0</b>

Including the Nelson Mandela PS expansion, \$11.597 million will be allocated for the construction of five new child care centres that will address the need to provide access to quality licensed subsidized childcare in under served areas. Of these projects the following four support the City’s initiative to invest in priority neighbourhoods:

- Thorncliffe Park Child Care Centre project commenced in 2006 , with expected completion date of 2009;
- Chester Le, adjacent to Chester Le Junior Public School for \$2.5 million (formerly Centre B, approved in 2007), with projected completion date of 2010;
- St. Andrews, adjacent to St. Andrew Catholic School for \$2.0 million (formerly Child Care Centre C, approved in 2007), with projected completion date of 2010;
- Child Care Centre D for \$2.5 million (recommended as a new project in 2009). The site for Centre D has not been identified, but is projected to be completed in 2011.

In support of the strategic priority “transforming and revitalizing social housing communities” the following two projects are included in the Regent Park Revitalization Plan:

- Nelson Mandela Park School Renovation for \$3.5 million for the new child care centre (scheduled for completion in 2011, with 32 additional spaces); and
- 30 Regent Street – Child Care Centre Replacement for \$0.7 million to complete the construction of the Regent Park Child Care Centre (scheduled for completion in 2009, with 40 spaces).

**Operating Budget Impact - 10-Year Plan & Forecast**  
**Incremental Operating Impact Summary**

(In \$Thousands)	2009 Rec. Budget	2010 Plan	2011 Plan	2012 Plan	2013 Plan	5-Year Plan	2014 -2018 Forecast	2009-2018 Total
<b>2009 Recommended Capital Budget</b>								
Program Costs (net)						0.0		0.0
Approved Positions						0.00		0.00
Debt Service Cost	32.50	136.50	0.00	0.00	0.00	169.00		169.00
<b>Recommended 2010-2013 Capital Plan</b>								
Program Costs (net)						0.0		0.0
Approved Positions						0.00		0.00
Debt Service Cost	0.00	32.50	169.00	169.00	169.00	539.50		539.50
<b>Proposed 2014-2018 Capital Forecast</b>								
Program Costs (net)						0.0		0.0
Approved Positions						0.00		0.00
Debt Service Cost						0.00	845.00	845.00
<b>Total</b>	<b>32.50</b>	<b>169.00</b>	<b>169.00</b>	<b>169.00</b>	<b>169.00</b>	<b>708.50</b>	<b>845.00</b>	<b>1,553.50</b>
<i>Debt service cost of repayment of principal and interest is calculated according to corporate guidelines, in the following manner: 2.5.0% Year 1, and 13% for subsequent years.</i>								

There are no program operating costs arising from the approval of the 2009 Recommended Capital Budget and 2010 – 2013 Capital Plan.

The construction of new child care centres included in the Recommended 5-Year Capital Plan and Proposed 5-Year Capital Forecast will have no operating budget impact as these centres will be operated by non-profit child care agencies and will be funded within the current Purchased Child Care Services’ budget.

New incremental debt service costs for the 2009 Recommended Capital Budget total \$0.169 million, with new incremental debt service costs for the Recommended 5-Year Capital Plan \$0.709 million. New incremental debt service costs for the Proposed 5-Year Forecast total \$0.845 million.

**Total 2009 Recommended Cash Flow & Future Year Commitments  
(\$000s)**

	2007 & Prior Year Carry Forwards	2009 Previously Approved Cash Flow Commitments	2009 New Cash Flow Recommended	2009 Total Cash Flow Recommended	2009 Debt Target	2008 Carry Forwards	Total 2009 Cash Flow (Incl 2008 C/Fwd)	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total Cost
<b>Expenditures</b>																	
Previously Approved	934	2,048		2,982		2,104	5,086	2,252									7,338.0
Change in Scope			50	50			50	1,013									1,063.0
New			5,500	5,350			5,350										5,350.0
New w/Future Year				200			200	3,700	2,100								6,000.0
<b>Total Expenditure</b>	<b>934</b>	<b>2,048</b>	<b>5,550</b>	<b>8,582</b>	<b>-</b>	<b>2,104</b>	<b>10,686</b>	<b>6,965</b>	<b>2,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,751.0</b>
<b>Financing</b>																	
Reserves/Res Funds	814	430	202	1,446		1,026	2,472	5,907	1,834								10,213.0
Development Charges	120	318	48	486			486	1,058	266								1,810.0
Other			4,000	4,000		550	4,550										4,550.0
Debt		1,300	1,300	2,600	2,600	528	3,128										3,128.0
<b>Total Financing</b>	<b>934</b>	<b>2,048</b>	<b>5,550</b>	<b>8,532</b>	<b>2,600</b>	<b>2,104</b>	<b>10,636</b>	<b>6,965</b>	<b>2,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,701.0</b>

**Comments / Issues:**

- The 2009 Recommended Capital Budget for Children's Services is \$10.636 million gross. This includes \$2.048 million in funding for previously approved project commitments; \$5.550 million for new / change in scope projects; \$0.934 million in carry forward funding from 2007 to 2009; and \$2.104 million in carry forward funding from 2008 to 2009.
- Approval of the 2009 Recommended Capital Budget will result in new funding commitments of \$6.965 million in 2010, and \$2.1 million in 2011. These funds support the construction of the four new child care centres in high-needs areas, and the construction of the new child care centre at Nelson Mandela Public School, as part of the Regent Park Revitalization Initiative.
- The 2009 Recommended Capital Budget includes funding of \$6.713 million from the Child Care Capital Reserve Fund for four new Child Care Centres; \$4.0 million from the Province for the Health and Safety Playground Program; \$3.5 million from the Capital Financing Reserve Funds for the Nelson Mandela Public School Renovation; \$3.128 million debt funding for construction of child care centres, the Health and Safety Program, and MCCC SOGR; \$1.810 million from Development Charges for construction of the eligible new child care centres; and \$0.550 million from Capital Other funding for 30 Regent Street.

## **2009 Recommended Capital Budget**

### **2009 Recommended Capital Budget versus Debt Target**

Children's Services 2009 Recommended Capital Budget meets the affordability guideline in each year of the Budget, and has minimized the need to rely on debt financing by utilizing Provincial grants; the Child Care Reserve Fund, the Capital Financing Reserve Fund; and Development Charge financing.

### **Capital Budget by Project Category**

The 2009 Recommended Capital Budget of \$17.597 million is 66% or \$11.597 million allocated to service improvement and enhancement, including the Nelson Mandela PS Renovation for \$3.5 million, and the following three previously approved projects: \$0.497 million to complete the construction of the Thorncliffe Child Care Centre; and \$5.1 million to complete the design and begin the construction of the previously approved child care centres for Chester Le for \$3.1 million and St Andrew for \$2.0 million. The allocation to service improvement also includes funding for the design and construction of the new child care, Centre D for \$2.5 million.

The remaining recommended cash flow funds ongoing health and safety repairs for child care and family resource centre playgrounds at \$5.0 million or 28%; and \$1.0 million or 6% allocated to state of good repair, comprised of \$0.7 million for the Regent Park Child Care Centre Replacement and \$0.3 million for state of good repair for municipally operated child care centres.

### **2009 Recommended Capital Budget**

The 2009 Recommended Capital Budget for Children's Services includes new funding for the following projects:

- \$8.097 million to complete four new child care centres in under-served areas of the City for (174 new spaces);
- \$5.3 million to address the state of good repair requirements of municipally owned child care centre facilities, including playground retrofits to comply with licensing requirements under the Day Nurseries Act and the new Canadian Standards Association (CSA) standards; and
- \$4.2 million to construct a new child care centre at the Nelson Mandela Public School, and replace the Regent Park Child Care Centre Care centre, as part of the Regent Park Revitalization Initiative.

### **Capacity and Readiness to Proceed**

Children's Services 2009 Capital spending rates and capacity to spend is significantly impacted by the under funding of the Provincial cost shared Safety Playground Program.

As the cash flow for the Safety Playground Program is 80% funded by the Province, and 20% by the City, spending levels are impacted when the Provincial share does not materialize. While the Program

regularly spends the City's portion, the receipt of Provincial funding is infrequent, which negatively impacts Program spending rates.

The construction of four new child care centres has been subject to delays due to the on-going negotiations with the school boards and the agencies who operate the child care centres. As the time to finalize the negotiations has lengthened, the Program has adjusted the timing of the construction projects to match the planning delays.



**PART III: ISSUES FOR DISCUSSION****5-Year Capital Plan Issues****Nelson Mandela Public School Renovation:**

The Regent Park Revitalization Plan requires the replacement of two municipally operated child care centres: Regent Park Child Care Centre, with 40 spaces (600 Dundas Street) and Blevins Child Care Centre, with 48 spaces (26 Blevins Place), as they will be demolished during Regent Park reconstruction.

In November 2008, Council approved relocating the Regent Park Child Care Centre from 600 Dundas Street to 30 Regent Street, as the Regent Park Child Care Centre will be demolished as a result of Phase 2 of the Regent Park Revitalization Plan. The relocation of the Regent Park Child Care centre is under way, and is scheduled for completion in 2009.

Also, in order to avoid service disruption for children served by the Blevins Day Child Care Centre, a new centre at the Nelson Mandela Public School will be built, as the school has received funding from Ministry of Education for a major reconstruction beginning in 2010.

Consequently, the 2009 Recommended Capital Budget includes the Nelson Mandela PS Renovation Project with cash flows of \$2.5 million for 2010 and \$1.0 million for to 2011. The new Nelson Mandela Child Care Centre will provide an additional 32 spaces for toddlers and infants, bringing the total spaces at Nelson Mandela to 80.

**Adequacy of Reserves**

The Child Care Capital Reserve Fund was established in 1997 and is funded from surplus in user revenues and interest income. The projected beginning balance in 2009 is \$11.081 million. Over the next 3 years, \$6.713 million will be withdrawn for the construction of three previously approved and one new child care centres that will address the need to provide access to quality licensed subsidized childcare in under served areas. In addition, over the next five years, draws totalling \$2.123 million are required to fund Children's Services Operating Budget. At the end of the 2009-2013 Capital Plan period, it is estimated that the fund balance will be reduced to \$2.980 million.

Without additional contributions to the reserve, it is unlikely that there be sufficient funds in the Child Care Capital Reserve Fund for Children's Services to develop additional sites that to support the development of new child care centres in under-served areas of Toronto.

**Funding for Health and Safety Playground Program**

The Health & Safety/Playground Program (\$25.0 million or 64%) provides funding to address ongoing health and safety issues including playground retrofits in community child care programs. This funding ensures that critical health and safety issues and compliance with CSA is achieved. The 5-Year Capital Plan of \$25.0 million assumes 80% funding from the Province of \$20.0 million and 20% or \$5.0 million from City debt. Since 2005, \$4.0 million has been received from the Province for the Health &

Safety/Playground Program, with 2006 being the only year the Province provided the budgeted grant. For 2008, the Province has advised that \$0.407 million will be funded for this project. Due to the uncertainty of provincial funding commitment for health and safety needs of existing child care centres, the Provincial share of expenditures must be conditional upon the receipt of Provincial funding of \$4.0 million for 2009 and \$4.0 million for each of the years 2010-2013.

**Appendix 1**

**2009 Recommended Capital Budget; 2010 to Plan  
and 2014 to 2018 Forecast**

**Appendix 2**

**2009 Recommended Cash Flow  
and Future Year Commitments**

**Appendix 3**  
**2009 Recommended Capital Projects**  
**with Financing Details**

## Appendix 4

### Reserve / Reserve Fund Review

Reserve / Reserve Fund Name	Project / Sub Project Name and Number	Projected Balance as of December 31, 2008	Proposed Withdrawals											
			2009 Rec. Budget	2010 Plan	2011 Plan	2012 Plan	2013 Plan	2014 Fore.	2015 Fore.	2016 Fore.	2017 Fore.	2018 Fore.	2009-2018 Total	
XR1103 Child Care Capital Reserve Fund	Beginning Balance	11,081.1												11,081.1
	Operating Draw		523.0	400.0	400.0	400.0	400.0	400.0	400.0	400.0	400.0	400.0	400.0	4,123.0
	CHS906381 - 1 Centre D		152.0	910.0	834.0									1,896.0
	CHS906381 - 3 Thorncliffe Park - Construction		953.0											953.0
	CHS906381 - 4 Chester Le Centre		330.0	52.0										382.0
	CHS906381 - 5 Chester Le Centre			1,002.0										1,002.0
	CHS906381 - 6 St Andrew		987.0	513.0										1,500.0
	CHS906381 - 9 Chester Le Centre			513.0										513.0
	CHS906381 - 10 St Andrew Cost Increase				417.0									417.0
	CHS906381 - 11 Thorncliffe Park Cost Increase			50.0										50.0
	Interest Income			(264.0)	(178.0)	(113.0)	(94.0)	(86.0)	(77.0)	(68.0)	(59.0)	(50.0)	(40.0)	(1,029.0)
Total Proposed Draws			2,731.0	3,629.0	1,121.0	306.0	314.0	323.0	332.0	341.0	350.0	360.0	9,807.0	
<b>Total Reserve / Reserve Fund Balance at Year-end</b>		<b>11,081.1</b>	<b>8,350.1</b>	<b>4,721.1</b>	<b>3,600.1</b>	<b>3,294.1</b>	<b>2,980.1</b>	<b>2,657.1</b>	<b>2,325.1</b>	<b>1,984.1</b>	<b>1,634.1</b>	<b>1,274.1</b>	<b>1,274.1</b>	

Interest Income calculated on average annual balance @ 2.75%

Reserve / Reserve Fund Name	Project / Sub Project Name and Number	Projected Balance as of December 31, 2008	Proposed Withdrawals											
			2009 Rec. Budget	2010 Plan	2011 Plan	2012 Plan	2013 Plan	2014 Fore.	2015 Fore.	2016 Fore.	2017 Fore.	2018 Fore.	2009-2018 Total	
XR2106 Development Charges RF- Childcare	Beginning Balance	1,043.5												1,043.5
	Thorncliffe Park Child Care Centre		120.0											120.0
	Chester Le Child Care Centre		105.0	498.6										603.6
	St Andrew Child Care Centre		193.1	289.7										482.8
	New Child Care Centre D		48.3	289.7	265.6									603.6
	New Development Charge		(190.0)	(288.0)	(288.0)	(288.0)	(288.0)	(288.0)	(288.0)	(288.0)	(288.0)	(288.0)	(288.0)	(2,782.0)
	Interest Income		(25.0)	(11.0)	(1.0)	(0.5)	(13.0)	(22.0)	(30.0)	(39.0)	(48.0)	(57.0)		(246.5)
	Total Proposed Draws			251.4	779.0	(23.4)	(288.5)	(301.0)	(310.0)	(318.0)	(327.0)	(336.0)	(345.0)	(1,218.5)
<b>Total Reserve / Reserve Fund Balance at Year-end</b>		<b>1,043.5</b>	<b>792.1</b>	<b>13.1</b>	<b>36.5</b>	<b>325.0</b>	<b>626.0</b>	<b>936.0</b>	<b>1,254.0</b>	<b>1,581.0</b>	<b>1,917.0</b>	<b>2,262.0</b>	<b>2,262.0</b>	

Interest Income calculated on average annual balance @ 2.75%