

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

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October 29, 2008

## **PART I: CAPITAL PROGRAM**

### **Executive Summary**

- The 2008 Approved Capital Budget of \$16.228 million was 8.7% spent as at June 30, 2008. Actual expenditures by year-end are anticipated to be \$12.942 million, or 80% of the Approved Capital Budget, resulting in projected 2008 cash flow funding of \$3.277 million being carried into 2009. The under spending is attributed to a delay in-site plan approval for Todmorden Mills Centre, delays in transportation and transit improvements affecting completion of BIA Streetscape Improvement Program, tenders coming in higher than estimates for moving heavy rolling stock in the John Street Roundhouse and third party design delays for Public Art.
- The 2009 Recommended Capital Budget, 2010 to 2013 Recommended Capital Plan, and 2014 to 2018 Proposed Capital Forecast supports the Mayor's/Council strategic priority to implement the Agenda for Prosperity and the Creative City Planning Framework.
- The Program's Capital Program is aligned with Council's objectives to have a clean and beautiful City, to improve the business climate, to strengthen our at-risk neighbourhoods, and to improve public service through access to the City's cultural assets.
- The 2009 Recommended Capital Budget, 2010 to 2013 Recommended Capital Plan, and 2014 to 2018 Proposed Capital Forecast total \$132.131 million of which \$77.801 million is projected for the program's 5-Year Capital Plan with \$42.253 million debt funding. The 5-Year Capital Plan, including carry forward funding from 2008 to 2009, requires 2009 cash flow of \$19.167 million; \$19.886 million in 2010; \$14.566 million in 2011; \$12.266 million in 2012 and \$11.916 million in 2013.
- The 2009 Recommended Capital Budget, 2010 to 2013 Recommended Capital Plan, and 2014 to 2018 Proposed Capital Forecast calls for total debt financing of \$83.753 million.
  - The 10-Year Plan and Forecast meets the Council approved debt affordability target in each year for 2009-2018.
  - The 10-Year Plan and Forecast results in debt service costs of \$0.174 million in 2009 and incremental service costs of \$0.953 million in 2010, \$1.151 million in 2011, \$1.121 million in 2012 and \$1.079 million in 2013 and \$5.395 million for 2014-2018.
- The 2009 Recommended Capital Budget, 2010 to 2013 Recommended Plan, and 2014 to 2018 Proposed Capital Forecast consists of \$17.325 million or 13% for Health and Safety projects, \$0.550 million or 0.4% for Legislated projects, \$80.669 million or 61% for State of Good Repair projects, \$28.622 million or 22% for Service Improvement projects and \$4.965 million or 3.6% for Growth projects.

- Economic Development Culture and Tourism’s Capital program has a current SOGR backlog of approximately \$81.360 million as of the end of 2008. Implementation of the 2009 Recommended Capital Budget, 2010 to 2013 Capital Plan and 2014 to 2018 Proposed Capital Forecast will result in the SOGR backlog being reduced to \$53.930 million by 2018.
- The Economic Development Culture and Tourism 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast is projected to increase the Economic Development, Culture and Tourism operating budget for the Fort York-Adding New Buildings project by \$0.692 million in 2011 for exhibits and equipment, and 1 additional staff. Confirmation of the business case is required.
- Recommended changes to the 2008-2012 Capital Plan address minor changes in priorities, plus an additional \$1.0 million funding for Winfields Restoration-CFC and \$0.360 million in increased funding for BIA Streetscape Improvements.
- The 2009 Recommended Capital Budget for EDCT includes \$3.277 million funding being carried forward from 2008 to 2009, \$1.638 million for previously approved commitments and \$14.113 million for new initiatives. Approval of the 2009 Recommended Capital Budget results in future year commitments of \$7.831 million for 2010 and \$0.800 million for 2011.
- The 2009 Recommended Capital Budget for previously approved and new projects (excluding 2008 carry forward funding into 2009) of \$15.890 million allocates \$2.825 million or 18% to Health and Safety projects, \$0.050 million or 1% to Legislated projects, \$9.252 million or 58% to State of Good Repair projects, \$2.598 million or 16% to Service Improvement projects, and \$1.164 million or 7% to Growth projects.
- The 2009 Recommended Capital Budget includes the following priority projects:
  - continuation of streetscape beautification projects in partnership with 51 Business Improvement Areas; (\$5.899 million)
  - continuation of Commercial Façade Improvement projects for physical improvements to the public face of privately owned buildings; (\$0.506 million)
  - continued creation of murals in commercial districts with preference given to the City’s priority neighbourhoods; (\$0.050 million)
  - continued restoration of Casa Loma; (\$2.825 million)
  - design work for the Fort York-Adding New Buildings project ; (\$0.952 million)
  - development of the Culture Precinct on the Guild Inn site; (\$0.900 million) and
  - improve public access to the rail heritage assets of the John Street Roundhouse. (\$2.550 million)
- The capital requirements for the Waterfront Museum are not included in the 10-Year Capital Plan and Forecast.
- The General Manager of Economic Development Culture and Tourism to submit to the Acting Deputy City Manager and Chief Financial Officer by June 2009, the full operating impacts of the Fort York-Adding New Buildings project.

**Recommendations**

The City Manager and Chief Financial Officer recommend that:

1. Council approve the 2009 Recommended Capital Budget for Economic Development Culture and Tourism with a total project cost of \$22.744 million and a 2009 cash flow of \$19.167 million and future year commitments of \$8.631 million comprised of the following:
  - a) New Cash Flow Funding for:
    - i) 28 new of scope sub-projects with a 2009 total project cost of \$22.744 million that requires cash flow of \$14.113 million in 2009, \$7.831 million in 2010 and \$0.800 million in 2010;
    - ii) 7 previously approved sub-projects with a 2009 cash flow of \$1.638 million;
    - iii) 2 sub-projects from previously approved projects with carry forward funding from 2007 requiring 2009 cash flow of \$0.139 million, which forms part of the affordability target that requires Council to reaffirm its commitment; and
  - b) 2008 approved cash flow for 18 previously approved sub-project with carry forward funding from 2008 to 2009 totalling \$3.277 million;
2. Council approve new debt service costs of \$0.174 million in 2009 and incremental costs of \$0.783 million in 2010, and \$0.216 million in 2011 resulting from the approval of the 2009 Recommended Capital Budget, to be included in the 2009 and future year operating budgets;
3. Council consider operating impacts of \$0.692 million emanating from the approval of the 2009 Recommended Capital Budget, to be included in the 2011 operating budget;
4. Council approve the 2010-2013 Capital Plan for the Economic Development Culture and Tourism totaling \$50.003 million in project estimates, comprised of \$12.055 million in 2010, \$13.766 million in 2011, \$12.266 million in 2012, and \$11.916 million in 2013;
5. Council approve in principle the 2014-2018 Capital Forecast for the Economic Development Culture and Tourism totaling \$128.854 million in project estimates, comprised of \$10.166 million in 2014, \$11.316 million in 2015, \$11.066 million in 2016, \$10.716 million in 2017, \$11.066 million in 2018, and this forecast be used as a foundation for preparing a firm 2010 to 2019 Capital Plan Forecast as part of the 2010 Capital Budget process;
6. All sub-projects with third-party financing be approved conditionally, subject to the receipt of such funding during 2009 and if such financing is not forthcoming, their priority and funding be reassessed by City Council relative to other City-financed priorities and needs; and
7. the General Manager of Economic Development Culture and Tourism is requested to submit to the Acting Deputy City Manager and Chief Financial Officer by June 2009, the full operating impacts of the Fort York-Adding New Buildings project.

**2008 Capital Variance Review**

<b>2008 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)</b>					
<b>2008 Approved</b>	<b>Actuals as of June 30 (2nd Qtr Variance)</b>		<b>Projected Actuals at Year End</b>		<b>Balance</b>
<b>\$</b>	<b>\$</b>	<b>% Spent</b>	<b>\$</b>	<b>% Spent</b>	<b>\$ Unspent</b>
16,228	1,407	8.7%	12,942	80%	3,286

**Comments / Issues:**

- Economic Development, Culture and Tourism spent \$1.407 million or 8.7% of its 2008 Approved Capital Budget of \$16.228 million as of June 30, 2008.
- The Program is projecting to spend \$12.942 million or 80% of its 2008 Approved Capital Budget by year-end.
- The majority of projects are underway and are expected to be completed by year-end. \$3.277 million in funding will be carried forward to 2009 to be spent on the following projects:

➤ **Todmorden Mills Centre (\$0.300 million)**

Site plan approval has been delayed by a recent proposal from Toronto Water to create a major storm water runoff pond at Todmorden Mills. Cultural Services is working with Toronto Water to find an alternative that does not impact the heritage site and cultural landscape.

➤ **BIA Streetscape Improvement Program (\$1.527 million)**

Streetscape projects co-ordinated with transportation and transit improvements were delayed. For example the deferral of the work by Transportation Services in the St. Clair Gardens area has delayed the BIA’s streetscape project.

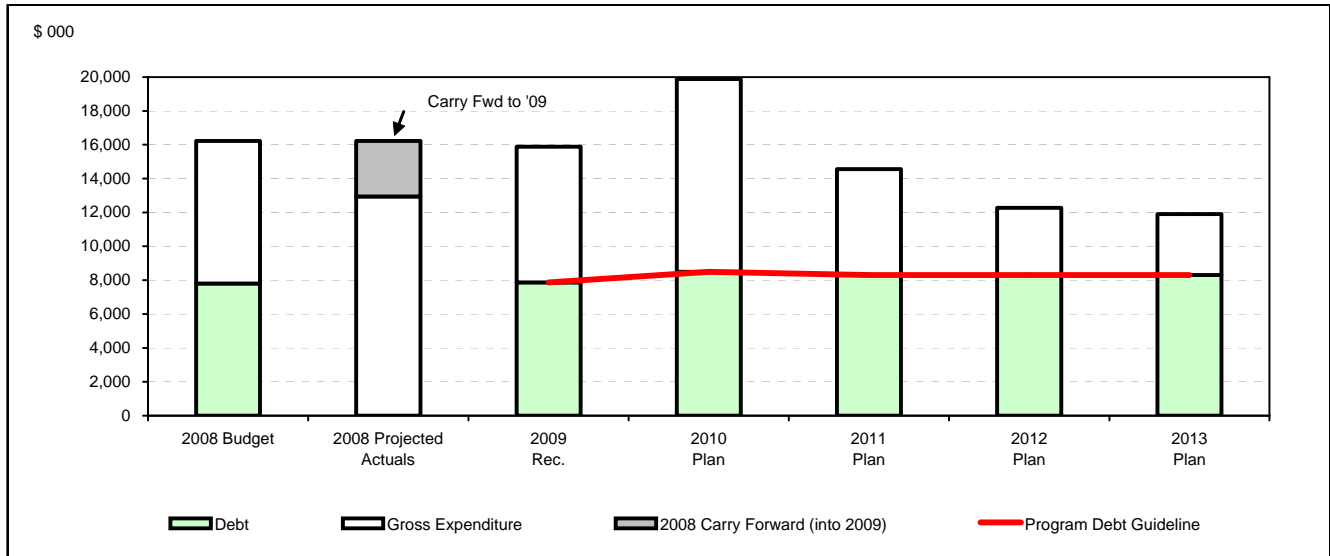
➤ **John Street Roundhouse (\$0.500 million)**

The cost of moving heavy rolling stock exceeded the estimated costs for the project. Staff are exploring more cost effective alternatives.

➤ **Public Art Development (\$0.200 million)**

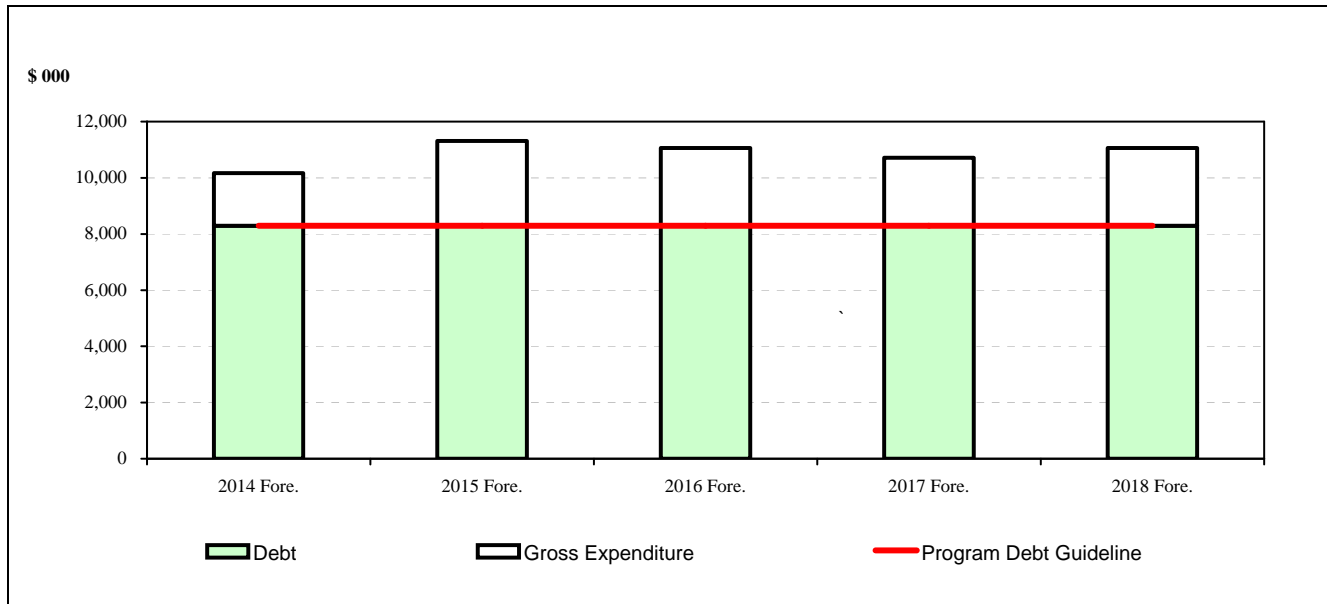
The 2008 approved cash flow is for installation of the public art in the June Callwood Park which is a Parks Forestry and Recreation project. The design of the park project has been delayed with completion anticipated in 2009.

5-Year Capital Plan (2009-2013)



	2008		5-Year Capital Plan					2009-2013	5-Year Total Percent
	Budget	Projected Actual	2009	2010	2011	2012	2013		
<b>Gross Expenditures:</b>									
2008 Capital Budget & Future Year Commitments	16,228	12,942	1,638					1,638	
Recommended Changes to Commitments			139					139	
2009 New/Change in Scope and Future Year Commitments			14,113	7,831	800			22,744	
2010 - 2013 Capital Plan Estimates				12,055	13,766	12,266	11,916	50,003	
1-Year Carry Forward to 2009		3,277							
<b>Total Gross Annual Expenditures &amp; Plan</b>	<b>16,228</b>	<b>16,219</b>	<b>15,890</b>	<b>19,886</b>	<b>14,566</b>	<b>12,266</b>	<b>11,916</b>	<b>74,524</b>	
<b>Program Debt Target</b>	<b>7,799</b>		<b>7,869</b>	<b>8,488</b>	<b>8,300</b>	<b>8,300</b>	<b>8,300</b>	<b>41,257</b>	
<b>Financing:</b>									
Recommended Debt	7,799		7,869	8,488	8,300	8,300	8,300	41,257	55%
Reserves/Reserve Funds	3,346		4,451	6,084	1,250	1,550	1,950	15,285	21%
Development Charges								0	0%
Federal	115		867	2,725	2,225			5,817	8%
Provincial	115		360	275	225			860	1%
Other Revenue	4,853		2,343	2,314	2,566	2,416	1,666	11,305	15%
<b>Total Financing</b>	<b>16,228</b>		<b>15,890</b>	<b>19,886</b>	<b>14,566</b>	<b>12,266</b>	<b>11,916</b>	<b>74,524</b>	<b>100%</b>
<b>By Category:</b>									
Health & Safety	2,527		2,825	1,850	1,300	2,250	1,500	9,725	13%
Legislated	50		50		50		50	150	0%
SOGR	9,676		9,252	11,490	6,955	5,660	9,010	42,367	57%
Service Improvement	3,024		2,598	5,796	5,511	4,056	1,056	19,017	26%
Growth Related	952		1,165	750	750	300	300	3,265	4%
<b>Total By Category</b>	<b>16,228</b>		<b>15,890</b>	<b>19,886</b>	<b>14,566</b>	<b>12,266</b>	<b>11,916</b>	<b>74,524</b>	<b>100%</b>
Yearly SOGR Backlog Estimate (not addressed by current plan)			(25,732)	(2,371)	31	179	297	(27,596)	
Accumulated Backlog Estimate (end of year)		81,360	55,628	53,257	53,288	53,467	53,764	53,764	
Operating Impact on Program Costs					692	(657)	(126)	(91)	
Debt Service Costs			174	953	1,151	1,121	1,079	4,478	

5-Year Capital Forecast (2014-2018)



	5-Year Capital Forecast								10-Year Total Percent
	2014	2015	2016	2017	2018	2014-2018	2009-2018		
<b>Gross Expenditures:</b>									
2008 Capital Budget & Future Year Commitments						0	1,638		
Recommended Changes to Commitments						0	139		
2009 New/Change in Scope and Future Year Commitments						0	22,744		
2014 - 2018 Capital Forecast Estimates	10,166	11,316	11,066	10,716	11,066	54,330	104,333		
<b>Total Gross Annual Expenditures &amp; Plan</b>	<b>10,166</b>	<b>11,316</b>	<b>11,066</b>	<b>10,716</b>	<b>11,066</b>	<b>54,330</b>	<b>128,854</b>		
<b>Program Debt Target</b>	<b>8,300</b>	<b>8,300</b>	<b>8,300</b>	<b>8,300</b>	<b>8,300</b>	<b>41,500</b>	<b>82,757</b>		
<b>Financing:</b>									
Recommended Debt	8,300	8,300	8,300	8,300	8,300	41,500	82,757	64%	
Reserves/Reserve Funds	150	950	1,150	750	1,150	4,150	19,435	15%	
Development Charges						0	0	0%	
Federal						0	5,817	5%	
Provincial						0	860	1%	
Other Revenue	1,716	2,066	1,616	1,666	1,616	8,680	19,985	16%	
<b>Total Financing</b>	<b>10,166</b>	<b>11,316</b>	<b>11,066</b>	<b>10,716</b>	<b>11,066</b>	<b>54,330</b>	<b>128,854</b>	<b>100%</b>	
<b>By Category:</b>									
Health & Safety	1,300	1,800	1,350	1,900	1,250	7,600	17,325	13%	
Legislated	100	100	100		100	400	550	0%	
SOGR	6,710	6,160	7,860	6,410	8,310	35,450	77,817	60%	
Service Improvement	1,756	2,956	1,456	2,106	1,106	9,380	28,397	22%	
Growth Related	300	300	300	300	300	1,500	4,765	4%	
<b>Total By Category</b>	<b>10,166</b>	<b>11,316</b>	<b>11,066</b>	<b>10,716</b>	<b>11,066</b>	<b>54,330</b>	<b>128,854</b>	<b>100%</b>	
Yearly SOGR Backlog Estimate (not addressed by current plan)	3,985	(2,259)	(701)	(171)	(688)	166	(27,430)		
Accumulated Backlog Estimate (end of year)	57,749	55,490	54,789	54,618	53,930	53,930	53,930		
Operating Impact on Program Costs						0	(91)		
Debt Service Costs	1,079	1,079	1,079	1,079	1,079	5,395	9,873		

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

- The Economic Development, Culture and Tourism 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast supports the Mayor's/Council strategic direction to advance the City's Agenda for Prosperity and the Creative City Planning Framework. The Program's Capital Program is aligned with Council's objectives to have a clean and beautiful City, to improve the business climate, to strengthen our at-risk neighbourhoods, and to improve public service through access to the City's cultural assets.
- The following summarizes the 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast of \$132.131 million by project category:
  - State of Good Repair projects account for \$80.669 or 61%, allocating significant financial resources to state of good repair projects driven by the needs of 96 heritage properties such as Fort York, Spadina Museum, Todmorden Mills, Lorraine Kimsa Theatre, John Street Roundhouse, Winfields and the BIA Streetscape Improvement Program.
  - Service Improvement projects represent \$28.397 million or 23%. Examples of the service improvement projects include Guild Revitalization, Fort York-Adding New Buildings, and the Commercial Façade Improvement Program.
  - Growth projects account for \$4.765 million or 4% and includes Public Art Development and the Preparation for Waterfront Museum.
  - Health and Safety projects represent \$17.325 million or 14%. Restoration of Casa Loma is the only Health and Safety Project.
- The 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast is funded primarily from debt accounting for 63% or \$83.753 million. Funding from Reserve Funds account for 15% or \$20.035 million. Funding from partnership with BIAs and donations account for 16% or \$20.641 million. Funding from Federal and Provincial Governments represents 5% or \$6.677 million and is required for the Fort York- Adding New Buildings project and the planning phase of the proposed Waterfront Museum Project.
- Economic Development Culture and Tourism currently has a significant SOGR backlog, estimated at \$81.3 million by year-end 2008. The backlog is projected to decrease by approximately \$30 million to \$53.76 million by 2018. The decrease in backlog is the result of partnerships and the transfer of capital backlog to outside partners as part of the negotiated agreements. For example \$25 million in capital backlog will become the responsibility of the lessee of the Don Valley Brickworks after occupation of the facility.
- Economic Development, Culture and Tourism is scheduled to complete updated Service Level Agreements with Facilities and Real Estate in 2010 as part of the Corporate Facilities Management Transition Work Plan. Transfers of both capital and operating budgets for facilities management are scheduled for 2011.



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

The Economic Development, Culture and Tourism 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast achieves the Council approved debt affordability target for each year in the 2009-2018 timeframe.

EDCT will continue to have difficulty in meeting its future cultural and heritage obligations and in fulfilling the future BIA capital cost sharing demands within the corporate debt targets without changes to current program policies.

### **Project Financing**

Economic Development, Culture and Tourism maximized the application of reserve funds (\$18.675 million) and Federal Subsidies (\$5.8 million applied for the Fort York-Adding New Buildings project) to reduce the demand on debt funding in the 2009 Recommended Capital Budget, 2010 to 2013 Capital Plan, and 2014 to 2018 Proposed Capital Forecast. The BIA Streetscape Improvement Program (\$34.166 million) is 50% funded from contributions from BIAs. However, total Program debt comprises a progressively higher percentage of total financing, increasing from 49% in 2009 to 75% of planned expenditure in 2018. Future-year plans may also include funding sources that cannot be identified at this time.

EDCT continues to develop adaptive re-use agreements with partners to decrease dependency on City debt and increase third party partnerships that support SOGR capital needs for City facilities.

### **Development Charge Funded Projects**

Economic Development, Culture and Tourism capital projects are not eligible for Development Charge Funding.

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

An up-dated audit for 15 properties was completed in January, 2008 and revealed that the state of good repair backlog increased by \$14.0 million to \$47.3 million for core buildings that are occupied. As a result of this Capital Plan the SOGR backlog for the occupied buildings is anticipated to decrease to \$46.2 million.

The SOGR backlog of \$34.0 million for unoccupied buildings such as the John Street Roundhouse, the Guild, and Don Valley Brickworks is to be reduced to \$9.0 million by 2010 as a result of partnership agreements. Economic Development, Culture and Tourism secured development partners for the Brick Works, the Car Barns and the John Street Roundhouse. Work continues on a similar arrangement for the Guild site. The lease with a partner for the use of Don Valley Brickworks is planned for execution early in 2009 and will result in \$20.0 million reduction to EDCT's backlog.

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

There are several key factors that contribute to the deliverables of EDCT projects.

- BIA partnerships require community consultation and co-ordination with other city departments, such as Transportation Services. Delays in Transportation/Transit projects can affect spending rates.
- Projects with third party funding are approved conditionally, subject to receipt of such funding during the year. The inclusion of such conditionally-approved projects in the Program's Capital Budget increases the likelihood of under spending if the third-party funding does not materialize. The Fort York-Adding New Buildings project is an example, requiring \$5.2 million funding from Federal Subsidies with \$4.0 million not yet committed.

Given the history of maintaining spending rates of 71% in 2006 (\$11.3 million) and 72% in 2007 (\$15.0 million) and a projected spending rate of 80% in 2008 (\$12.9 million) it is feasible that the Recommended 5-Year Capital Plan can be completed within the specified timelines and the funding targets that have been set.

### **Recommended Changes to the 2008-2012 Capital Plan**

The following projects were changed in the 2009-2013 Capital Plan:

- Fort York will be the centre of attention for the International Bicentennial Celebration of the War of 1812 resulting in the following changes:
  - The UNESCO project (\$0.110 million gross, 0 net) has been added to nominate Fort York as a UNESCO world heritage site.
  - The Bicentennial Heritage Trail project (\$0.100 million gross, 0 net) has been added linking historic sites located between the Don and Humber Rivers south of Queen St.
  - Funding for the Fort York-Adding New Buildings project has been accelerated in order to complete construction before the celebrations planned for 2012. Increases to the project from 2009 to 2012 result in a \$7.9 million gross, \$1.7 million net funding increase to the 5-Year Plan with no impact on the Program's Debt Affordability Targets. The Fort York-Adding New Buildings project 5-Year Plan includes \$5.17 million funding from Federal Subsidies, 47% of the total project cost of \$10.92 million.
- The final phase of the John Street Roundhouse project has been added to the 5-Year Capital Plan and approval of the \$4.0 million funding for the final stage is conditional on City Council adopting the recommendations included in a report to City Council on the lease agreement with a partner, planned for November, 2008.
- An increase to the Waterfront Museum project in the amount of \$0.770 million for 2009-2011 is expected to be funded by the Department of Canadian Heritage. The City contribution remains at \$0.350 million debt funding.
- The Windfields Restoration-CFC project has been added to the 5-Year Plan. The recommended SOGR component, \$2.0 million gross, \$1.0 million debt is cash flowed over 3 years in 2009-2011. The Canadian Film Centre (CFC) has also prepared a design master plan for their growth and expansion at the Windfields site which is not included in the 10-Year Capital plan since it is not a City of Toronto project. This \$4.0 million future development project will be 100% funded by the Canadian Film Centre through contributions from the Government of Canada, the Government of Ontario, and private donations.

### **Capital Projects Highlights**

The 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast supports the Mayor's/Council strategic direction of the Agenda for Prosperity and the Creative City Planning Framework. The Program's Capital Program is aligned with Council's objectives to have a clean and beautiful City, to improve the business climate, to strengthen our at-risk neighbourhoods, and to improve public service through access to the City's cultural assets. The highlights of significant capital projects follow:

- **Improved Business Climate**

The 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast provides approximately \$40.286 million in funding for three Economic Development Capital Programs. These programs strengthen the partnership with the Business Improvement Areas (BIAs) and leverage investment from private property owners to beautify and revitalize the City's commercial streets and employment areas.

- BIA Streetscape Improvement Program - \$34.526 million for streetscape beautification projects.
- Commercial Façade Improvement Program - \$5.260 million to support property owners in eligible BIAs for physical improvements to the public face of their buildings.
- Mural Program - \$0.500 million to support community groups to create murals in commercial districts with preference given to the City's priority neighbourhoods.

- **Improved Public Access to the City's cultural assets**

- \$43.184 million for a number of projects to address the state of good repair requirements for 96 heritage buildings at sites like Fort York, Spadina Museum, the Berkley Street Theatre, Windfields, and Todmorden Mills. The 96 properties are accessible to the public for cultural uses such as museums, art centres, theatres and galleries.
- \$17.325 million for the restoration of Casa Loma and \$12.367 million for the Fort York-Adding New Buildings project.

- **Creative Partnerships**

The 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast provides approximately \$13.384 million for two projects supporting development of creative partnerships for the restoration and operation of several of the major vacant heritage properties in the Culture portfolio.

- Guild Inn Site - \$3.8 million for development of the Culture Precinct on the site in conjunction with a potential partner wishing to develop a new facility on the site.
- John Street Roundhouse - \$9.584 million to implement the master plan to make the rail heritage assets accessible to the public. This will require establishing a partnership agreement.

**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>								
Fort York Adding New Buildings	917.0	4,000.0	3,500.0	2,500.0	0.0	10,917.0	1,450.0	12,367.0
Sub-Total	917.0	4,000.0	3,500.0	2,500.0	0.0	10,917.0	1,450.0	12,367.0
<b>Other Major City Initiatives:</b>								
Casa Loma Restoration	2,825.0	1,850.0	1,300.0	2,250.0	1,500.0	9,725.0	7,600.0	17,325.0
Guild Revitalization	850.0	1,000.0	1,200.0	750.0		3,800.0	0.0	3,800.0
John Street Roundhouse	4,150.0	2,484.0	0.0	100.0	2,000.0	8,734.0	1,000.0	9,734.0
BIA Streetscape Program	4,188.0	3,506.0	3,510.0	3,510.0	3,510.0	18,224.0	17,550.0	35,774.0
Sub-Total	12,013.0	8,840.0	6,010.0	6,610.0	7,010.0	40,483.0	40,483.0	80,966.0
<b>Total</b>	<b>12,930.0</b>	<b>12,840.0</b>	<b>9,510.0</b>	<b>9,110.0</b>	<b>7,010.0</b>	<b>51,400.0</b>	<b>41,933.0</b>	<b>93,333.0</b>

The 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast includes new/expanded facilities funding of \$12.367 million for the Fort York-Adding New Buildings project.

There are no IT projects included in the 10-Year Capital Plan and Forecast. Funding for 4 other Major City Initiatives amounts to \$80.966 million or 61%.

**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)								
Approved Positions								
Debt Service Costs	174.10	782.55	215.57			1,172.21		
<b>Recommended 2010-2013 Capital Plan</b>								
Program Costs (net)			692.30	(657.00)	(126.10)	(90.80)		(90.80)
Approved Positions			1.00	1.00		2.00		2.00
Debt Service Costs	0.00	170.88	935.18	1,121.00	1,079.00	3,306.05		
<b>Proposed 2014-2018 Capital Forecast</b>								
Program Costs (net)								
Approved Positions								
Debt Service Costs							5,395.00	
<b>Total</b>								
Program Costs (net)			692.30	(657.00)	(126.10)	(90.80)		(90.80)
Approved Positions			1.00	1.00		2.00		2.00
Debt Service Costs	174.10	953.42	1,150.74	1,121.00	1,079.00	4,478.26	5,395.00	9,873.26

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

Approval of the 10-Year Capital Plan will result in an increase to the Economic Development, Culture and Tourism operating budget, for the Fort York-New Buildings project in the amount of \$0.692 million in 2011 for exhibits, equipment, and 1 additional staff. Another additional staff is proposed for 2012. Confirmation of the business case is required. The General Manager of EDCT is requested to submit to the Acting Deputy City Manager and Chief Financial Officer by June 2009, the full operating impacts of the Fort York-Adding New Buildings project.

**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	139	1,638		1,777		3,277	5,054										5,054
Change in Scope																	
New			5,777	5,777			5,777										5,777
New w/Future Year			8,336	8,336			8,336	7,831	800								16,967
<b>Total Expenditure</b>	<b>139</b>	<b>1,638</b>	<b>14,113</b>	<b>15,890</b>	<b>-</b>	<b>3,277</b>	<b>19,167</b>	<b>7,831</b>	<b>800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,798</b>
<b>Financing</b>																	
Reserves/Res Funds	139	150	4,162	4,451		600	5,051	4,900	400								10,351
Prov. Subsidy/Grant			360	360			360										360
Federal Grants			867	867			867										867
Development Charges																	
Other		444	1,899	2,343		1,681	4,024	878	400								5,302
Debt		1,044	6,825	7,869	7,869	996	8,865	2,053									10,918
<b>Total Financing</b>	<b>139</b>	<b>1,638</b>	<b>14,113</b>	<b>15,890</b>	<b>-</b>	<b>3,277</b>	<b>19,167</b>	<b>7,831</b>	<b>800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,798</b>

**Comments / Issues:**

- The 2009 Recommended Capital Budget is \$19.167 million and includes funding from 2007 projects carried forward into 2009 of \$0.139 million; funding from 2008 projects carried forward into 2009 of \$3.277 million; previously approved commitment funding of \$1.638 million; and \$14.113 million for new projects.
- Approval of the 2009 Recommended Capital Budget will result in a commitment of future year funding for new projects of \$7.831 million in 2010 and \$0.800 million in 2011.

**2009 Recommended Capital Budget**

**2009 Recommended Capital Budget versus Debt Target**

The 2009 Recommended Capital Budget meets the assigned corporate debt target of \$7.869 for this program.

**Capital Budget by Project Category**

- State of Good Repair Projects: The 2009 Recommended Capital Budget includes the allocation of significant funding for state of good repair projects accommodating the Program’s highest priority needs. These projects account for approximately \$9.252 million or 58% of the total new cash flow of \$15.890 million recommended for 2009. State of Good Repair for Culture Services is driven by the needs of 96 heritage properties such as Fort York, Spadina Museum, Todmorden Mills, Lorraine Kimsa Theatre, Windfields, John Street Roundhouse. The BIA Streetscape Improvement Program is also a SOGR project.
- Service Improvement Projects represent \$2.598 million or 16%, including the Guild site Revitalization, Fort York-Adding New Buildings, and the Commercial Façade Improvement Program.
- Growth Projects account for \$1.165 million or 7%, including Public Art Development and the Cultural Collections Center-Waterfront.
- One Health and Safety Project is allocated \$2.825 million or 19.1%, for restoration of Casa Loma.

**Capacity and Readiness to Proceed**

The 2009 Recommended Capital Budget is ready to proceed. Most of the projects have been in the plan for a number of years. A comprehensive planning and approval process, including Board approval, for BIA Streetscape Improvement projects has been completed since 50% of the project funding comes from BIA members.

**Capital Projects Highlights:**

- **BIA Streetscape Program**

The 2009 Recommended Capital Budget for the BIA Streetscape Improvement Program is \$5.899 million gross, \$3.076 million net and includes the following sub-projects:

BIA	EDCT Recommended			
	2008 Carry Forward	2009 New Cash Flow	2010 Commit.	Description
Albion Islington Square	14,000	0		street signs (\$14,000)
The Beach		24,000		Hanging baskets (14,000), location specific lighting (\$10,000)
Bloor by the Park		5,000		banners (\$5,000)
Bloor West Village	83,000	73,000		40 solar pad lights, benches (\$156,000)
Bloorcourt Village	10,000	0		banners (\$10,000)
Bloordale Village		4,000		flower baskets

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**2008-2017 Capital Program      Economic Development Culture and Tourism**

BIA	EDCT Recommended			
	2008 Carry Forward	2009 New Cash Flow	2010 Commit.	Description
Bloor-Yorkville	50,000	0		decorative bike racks (\$50,000)
Chinatown		24,000		street signs (\$24,000)
College Promenade		600,000		pedestrian scale lighting (\$600,000)
Corso Italia	90,000	0		planter brackets (\$20,000), speakers (\$50,000), banners (\$20,000) for poles installed in conjunction with TTC ROW project
Crossroads of the Danforth		30,000		banners & hanging baskets (\$30,000)
The Danforth		40,000		tree guards (\$40,000)
Danforth Mosaic (formerly Midtown Danforth)		90,000		landscaped planters (90,000)
Danforth Village	72,000	0		flower planters & plaques (\$72,000)
Downtown Yonge		490,000		pedestrian lighting phase 2b - Shuter to Richmond (\$490,000) <i>Previously Approved: \$170,000</i>
Dundas West	263,000	157,000		streetscape improvements in conjunction with sidewalk reconstruction scheduled for 2009 (\$420,000)
The Eglinton Way		20,000		gateway phase II (\$20,000)
Emery Village		380,000		Completion of 2008 intersection improvements
Fairbank Village	30,000	0		tree lighting (\$30,000)
Forest Hill Village		0	300,000	streetscape improvements - Montclair Parkette (\$300,000)
Gerrard India Bazaar		20,000		platform mural (\$20,000)
Greektown on the Danforth	8,000	0		street furniture (\$8,000)
Hillcrest Village	117,000	61,000		electrical infrastructure (\$117,000) and clamp-on lighting (\$61,000) in conjunction with TTC ROW reconstruction
The Junction	30,000	0		flower baskets (\$10,000), flower pots (\$10,000), benches (\$10,000)

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**2008-2017 Capital Program      Economic Development Culture and Tourism**

BIA	EDCT Recommended			Description
	2008 Carry Forward	2009 New Cash Flow	2010 Commit.	
Kennedy Road	135,000	0		median globe lights (\$95,000), boulevard planting and furnishing (\$40,000)
The Kingsway		15,000		benches (\$8,000), planters (\$7,000)
Korea Town	26,000	0		street light pole sleeves (\$26,000)
Lakeshore Village		210,000		fountain (\$210,000) <i>Previously Approved: \$188,000</i>
Liberty Village		160,000		King & Atlantic gateway (\$160,000) <i>Previously Approved: \$160,000</i>
Little Italy		8,000		banners (\$8,000)
Little Portugal (formerly Dundas-Ossington)		200,000		streetscape improvements in conjunction with sidewalk reconstruction scheduled for 2009 (\$200,000)
Long Branch		30,000		street light enhancement (15,000), garbage containers (\$15,000)
Mimico Village		10,000		street furnishings
Mimico by the Lake	20,000	0		banners (\$20,000)
Mirvish Village		72,000	128,000	streetscape improvements phase 1 implementation (\$200,000)
Old Cabbagetown	36,000	16,000		continuation of street landscaping
Pape Village		4,000		hanging baskets (\$4,000)
Parkdale Village	230,000	370,000		pedestrian lighting (\$600,000) <i>Previously Approved: \$370,000</i>
Regal Heights Village	26,000	40,000		electrical infrastructure (\$26,000) and clamp-on lights (\$40,000) in conjunction with TTC ROW reconstruction
Riverside		20,000		street light arms (\$20,000)
Roncesvalles Village		0	328,000	streetscape improvements in conjunction with TTC track, road and sidewalk replacement (\$328,000)
Rosedale Main Street		0	200,000	tree planting (\$200,000)

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## 2008-2017 Capital Program      Economic Development Culture and Tourism

BIA	EDCT Recommended			Description
	2008 Carry Forward	2009 New Cash Flow	2010 Commit.	
St. Clair Gardens	70,000	150,000		electrical infrastructure and pedestrian scale lighting (\$220,000) in conjunction with TTC ROW reconstruction
St. Lawrence Market Neighbourhood	50,000	75,000		streetscape improvements in conjunction with TTC track and road replacement - Wellington & Church (\$125,000)
Uptown Yonge	200,000	300,000		streetscape improvements in conjunction with sidewalk reconstruction (\$100,000), clamp-on pedestrian lighting (\$400,000)
Village of Islington	24,000	20,000		lighting (\$20,000), mural project s.37 funding (\$24,000)
Weston Village	6,000	0		banners (\$6,000)
Wexford Heights	45,000	25,000		gateway project (\$70,000)
Wychwood Heights	76,000	155,000		electrical infrastructure (\$65,000), bronze sidewalk inlays (\$11,000), signage on poles (\$40,000) and clamp-on lights (\$115,000) in conjunction with TTC ROW reconstruction
Yonge Lawrence Village		12,000		street furniture
Project Management		278,000		
<b>Sub-Total</b>	<b>1,711,000</b>	<b>4,188,000</b>	<b>956,000</b>	

- **Commercial Façade Improvement Program:**

The 2009 Recommended Capital Budget for the Commercial Façade Improvement Program is \$0.506 million to support property owners in eligible BIAs for physical improvements to the public face of their buildings.

- **Mural Program:**

The 2009 Recommended Capital Budget for the Mural Program is \$0.050 million to support community groups to create murals in commercial districts with preference given to the City's priority neighbourhoods.

- **State of Good Repair for Culture Facilities:**

The 2009 Recommended Capital Budget for SOGR for Culture facilities is \$5.040 million for 96 properties that are accessible to the public for cultural uses such as museums, art centres, theatres and galleries including \$0.400 million for restoration of Windfields.

- **Restoration of Casa Loma:**

The 2009 Recommended Capital Budget for restoration of Casa Loma is \$2.825 million to design and tender work on the south east corner, at the conservatory and entrance, as well as related walls and windows.

- **Fort York-Adding New Buildings:**

The 2009 Recommended Capital Budget for the Fort York-Adding New Buildings project is \$0.952 million to continue the design and development including archaeological investigation of the site.

- **Guild Inn Site:**

The 2009 Recommended Capital Budget for Revitalization of the Guild site is \$0.900 million for development of the Culture Precinct in conjunction with a potential partner wishing to develop a new facility on the site.

- **John Street Roundhouse:**

The 2009 Recommended Capital Budget for the John Street Roundhouse is \$2.550 million to implement the master plan, with a partner, to make the rail heritage assets accessible to the public. As part of the agreement, the City will restore the smaller historic structures and develop a rail heritage museum in conjunction with the Toronto Railway Historical Association.

- **Preparation for a Waterfront Museum**

The 2009 Recommended Capital Budget for the Preparation for a Waterfront Museum is \$0.750 million for the next steps including, an RFP to invite interest from private sector developers leading to site finalization/preparation and building design. This Request for Proposal will be circulated after a report from the Chief Corporate Officer to Executive Committee in November 2008. The report will identify the estimated costs and funding options to stabilize and/or make safe the 1928 and 1944 silos, inclusive of access from the east side of the silos. Preliminary estimates indicate \$12.2 million may be required.

## **PART II: ISSUES FOR DISCUSSION**

### **2009 Recommended Capital Budget Issues**

- **Waterfront Museum**

The Report “Toronto Museum Project” adopted by Council June 23, 2008 authorized the General Manager of Economic Development Culture and Tourism, in consultation with the Chief Corporate Officer and other City staff as required, to issue the first stage of a potential two-stage request for proposals to invite interest from private sector developer(s) in a mixed-use redevelopment of the Canada Malting site to include the Toronto Museum Project. A report from the Chief Corporate Officer will go forward in November 2008, to Executive Committee identifying the estimated costs and funding options to stabilize and/or make safe the 1928 and 1944 silos, inclusive of access from the east side of the silos. Preliminary estimates indicate \$12.2 million may be required.

Council directed the General Manager of Economic Development, Culture and Tourism and the Deputy City Manager and Chief Financial Officer to report back on the results from the Request for Proposals and on the associated impact on the financial viability and funding of the Toronto Museum Project.

The Capital requirements for the Waterfront Museum are not included in the 10-Year Capital Plan and Forecast. The development and operation of the Toronto Museum proposal will be the responsibility of an arms-length, not-for-profit corporation, with partnerships involving both public and private organizations at local, provincial, federal and international levels.

### **5-Year Capital Plan (2010-2013) Issues**

- **BIA Streetscape Improvement Program and Commercial Façade Improvement Program**

Active BIAs have increased in number over the past 5 years bringing the total number to 65 from 45 in 2003. The growth in the number of BIAs is anticipated to continue over the next 5 years and will continue to put pressure on the City’s debt capacity.

Staff explored a number of alternatives to address the growing gap between funding and BIA requests including:

- Changing the cost sharing formula by increasing the BIA contribution to project costs;
- Reducing the maximum funding request permitted per BIA;
- Limiting the growth of new BIAs; and
- Eliminating the Commercial Façade Improvement Program.

The options were found to be a disincentive to the formation of BIAs. The existing BIAs would not undertake the more unique and potentially costly projects, limiting themselves to small less effective projects. The smaller BIAs with limited capacity to increase funding would be unable to participate in streetscape improvements. As a result, Economic Development, Culture and Tourism Staff recommended against changing the criteria and to continue to rely on the Council approved Capital Cost-Share Guidelines. Continuation of growth in the number of BIAs could result in 20 more BIAs over the next five years, creating continued pressure on funding of Capital projects.

- **War of 1812 Bicentennial and Fort York-Adding New Buildings**

EDCT developed a strategy for commemorating the Bicentennial of the War of 1812, working closely with the Provincial and Federal levels of Government. The Staff Report “Proposed Program for the City’s Bicentennial Commemoration of the War of 1812” adopted by City Council September 24, 2008 authorized staff to solicit funding, partnerships and support from other levels of government and the private sector in order to carry out the recommended Bicentennial Commemorative program. A grant application to the Department of Canadian Heritage’s Cultural Spaces Canada Program was approved for \$0.667 million to complete the design and working drawings for the “New Buildings Project”. Funding of \$0.917 million gross, \$0.250 million net is included in the 2009 Recommended Capital Budget.

A second grant, requesting funding for 33% of the construction cost for this facility will be filed by December, 2008 (\$4.4 million of \$13.0 million facility). The construction phase of the new buildings project is planned for 2010 to 2012 with completion anticipated in time for the 2012 Commemorative Celebration. The 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast includes \$10.0 million gross \$4.0 million net. Other sources of funding include \$1.5 million to be raised by the Friends of Fort York, with \$0.750 million projected for 2010 and \$0.750 million for 2012.

EDCT identified the need for \$1.250 million above the \$10.0 million construction project included in the Recommended 5-Year Capital Plan in 2010. This additional funding is outside the Culture debt target.

- **Guild Inn**

The Staff Report “Guild Revitalization Next Steps” adopted by City Council September 24, 2008, included a new opportunity to move forward with revitalization efforts for the Guild Inn site. Authority was given to undertake negotiations with Centennial College and the Toronto and Regional Conservation Authority for Centennial College to establish a new small scale conference style hotel and related facilities at the Guild. Part of the site would be used for the operations and activities of Centennial College’s new Institute of Culture and Heritage Management. The Chief Corporate Officer will report back to Council on the results of the negotiations by June 2009.

Funding in the amount of \$3.8 million for development of the Culture Precinct on the site is included in EDCT’s 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast.

## **Appendix 1**

### **2009 Recommended Capital Budget; 2010 to 2013 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 (In \$Thousands)	Balance as of December 31, 2007	Proposed Withdrawals										2009-2018 Total
		2009 Rec. Budget	2010 Plan	2011 Plan	2012 Plan	2013 Plan	2014 Fore.	2015 Fore.	2016 Fore.	2017 Fore.	2018 Fore.	
Public Art Reserve Fund XR4002	647.7	227	150	150	150	150	150	150	150	150	150	1,577
Heritage Reserve Fund XR1019	443.7	40	100									140
Casa Loma Capital Maint. XR1501	3,150.2	1,650	850	700	1,300	800		800	1,000	600	1,000	8,700
John St Land Acq. XR1214	3,660.9	2,550			100	1,000						3,650
* John St. Roundhouse	TBD		4,584									4,584
Dundas St. W Str. Imp.(3700141)	87.4	24										24
Capital Funding Reserve Fund		560	400	400								1,360
<b>Total Reserve / Reserve Fund</b>	<b>7,989.9</b>	<b>5,051.0</b>	<b>6,084.0</b>	<b>1,250.0</b>	<b>1,550.0</b>	<b>1,950.0</b>	<b>150.0</b>	<b>950.0</b>	<b>1,150.0</b>	<b>750.0</b>	<b>1,150.0</b>	<b>20,035.0</b>

\* A Report to Council planned for November 2008, will recommend a new reserve fund. Approval of the project is conditional on the receipt of the funds.