

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

Page

**PART I: CAPITAL PROGRAM**

Executive Summary .....	2
Recommendations .....	5
2008 Capital Variance Review .....	7
5-Year Capital Plan (2009 Recommended Budget, 2010-2013 Plan) .....	9
5-Year Capital Forecast (2014-2018) .....	10
10-Year Capital Plan & Forecast Overview .....	11
Operating Budget Impact-10-Year Capital Plan & Forecast Plan .....	19
Total 2009 Recommended Cash Flow & Future Year Commitments .....	20

**PART II: ISSUES FOR DISCUSSION**

2009 Capital Budget Issues.....	N/A
5-Year Capital Plan (2010-2013) Issues .....	22
5-Year Capital Forecast (2014-2018) Issues .....	22
Issues Referred to the 2009 Budget Process .....	24

**APPENDICES**

<b>Appendix 1:</b> 2009 Rec'd Capital Budget; 2010 to 2013 Plan & 2014 to 2018 Forecast.....	25(a)to(i)
<b>Appendix 2:</b> 2009 Recommended Cash Flow & Future Year Commitments .....	26(a)to(h)
<b>Appendix 3:</b> 2009 Recommended Capital Projects with Financing Details .....	27(a)to(f)
<b>Appendix 4:</b> Reserve / Reserve Fund Review.....	28

**Contacts:** Judy Broughton  
 Manager, Financial Planning  
 Tel: (416) 392-8393

Mike Yu  
 Senior Financial Planning Analyst  
 Tel: (416) 392-3646

October 29, 2008

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

- The 2008 Approved Capital Budget of \$330.086 million was 14% or \$45.117 million spent as at June 30, 2008. Actual expenditures by year-end are anticipated to be \$267.585 million, representing 81% of the 2008 Approved Budget. State of Good Repair (SOGR) projects are projected to be 81.5% spent at year-end and have been fully committed. Infrastructure Enhancement projects are projected to be 80.7% spent at year-end. Progress on the Bloor Street Transformation may become delayed due to the current court challenge to the project. The projection of 2008 funding to be carried forward into the 2009 Recommended Capital Budget is \$53.124 million.
- The 2009 Recommended Capital Budget; 2010 to 2013 Recommended Capital Plan and, 2014 to 2018 Proposed Forecast totals \$2.420 billion and requires new debt funding of \$2.022 billion. The Recommended 5-Year Capital Plan and 5-Year Proposed Capital Forecast has met the debt affordability targets for each of the ten years.
- The 10-year Capital Plan and Forecast includes Development Charge (DC) funding of \$72.560 million that will facilitate growth in the City through infrastructure that will support pedestrians, cyclists, transit users and drivers. Investments such as the Dufferin Jog Elimination will improve traffic flow for transit users and drivers and improve pedestrian and cycling safety. Increased funding for cycling infrastructure will increase transportation capacity as the City continues to grow. DC funding of the North Yonge Centre project will support housing and job growth in the area.
- The 10-year Capital Plan and Forecast includes SOGR projects of \$1.719 billion that include City Bridge Rehabilitation for \$426.939 million, Major Road Reconstruction and Resurfacing for \$397.151 million, Local Road Resurfacing and Reconstruction for \$508.221 million, Sidewalk Maintenance for \$137.397 million and Expressway Rehabilitation for \$129.871 million. These projects are essential for extending the useful life of assets and ensuring service reliability.
- The 2009-2013 Recommended Capital Plan totals \$1.246 billion, of which 67% or \$830.723 million is allocated to State of Good Repair (SOGR) projects, 20% or \$254.969 million is allocated to Growth-Related projects, 9% or \$107.148 million is allocated to Service Improvement projects and 4% or \$52.966 million is allocated to Health and Safety projects. The Recommended 5-Year Capital Plan will provide funding for the completion of the Bike Plan by 2012, facilitate the implementation of Transit City, support development and maintain traffic flow in the North Yonge Centre area, facilitate completion the St.Clair Transit Right of Way and improve the public realm through the Neighbourhood Improvement Projects and the Bloor Street Transformation project.

- The 2009-2013 Recommended Capital Plan addresses the SOGR backlog as it is currently known. At year-end 2008 the estimated State of Good Repair (SOGR) backlog will be \$320.146 million. The average annual growth to the backlog for SOGR over the Recommended 5-Year Capital Plan is \$20.970 million; particularly for bridges, roads, sidewalks, and expressways. The backlog grows to \$539 million by the end of 2018 because of the large proportion of City's roads and bridges that were constructed in the 1960's and 1970's now require reconstruction during this period. It is estimated that additional funding of \$20 million per year dedicated to SOGR is required to stabilize the backlog at its current level due to the impact of inflation and additional infrastructure that will require rehabilitation over the next ten years. In recognition of Transportation Services' state of good repair needs, \$22.900 million of dedicated SOGR funding was accelerated into the Recommended 5-Year Capital Plan. Funding strategies are currently being developed that will further increase dedicated funding to stabilize the backlog and will be recommended for the 2010 Capital Budget process.
- The 10-Year Capital Plan and Forecast for Transportation Services supports the City's strategic priorities such as "A Cleaner and More Beautiful City" and a "A Greener City" with funding for Neighbourhood Improvement Projects, The Bloor Street Transformation project and completion of the Bike Plan by 2012. The Recommended 5-Year Plan will continue to support "A Transit City" by improving transit through the completion of the St. Clair Right of Way in 2009, Dufferin Street Jog Elimination project and implementation of Transit City. Funding is also provided to support investments in public infrastructure for the Regent Park Revitalization that will support the development of a "Stronger and More Inclusive and Diverse Neighbourhood".
- Approval of the Recommended 5-Year Capital Plan for Transportation Services will result in an operating impact of \$0.276 million in program costs and debt service costs of \$105.167 million. The approval of the 2009 Recommended Capital Budget will result in an operating impact of \$0.263 million in program costs and debt service costs of \$4.427 million. Approval of the Proposed 5-Year Forecast will result in debt service costs of \$135.661 million for a total cost of \$240.828 million over the five years.
- The 2009 Recommended Capital Budget includes:
  - previously approved commitments and new/change in scope projects requiring 2009 cash flow of \$276.987 million. This cash flow combined with carry forward funding of \$53.124 million for 2008 projects brings the total 2009 Recommended Capital Budget to \$330.111 million.
  - future year commitments of \$47.962 million in 2010; \$23.917 million in 2011; \$17.389 million in 2012; \$1.100 million in 2013.
- The 2009 Recommended Capital Budget for prior approved and new/change in scope projects (excluding 2008 carry forward funding) of \$276.987 million is 49% allocated to state of good repair projects at \$135.323 million; 12% allocated to service improvement projects at \$34.619 million; 35% allocated to growth related projects at \$96.210 million; and, 4% allocated to health and safety projects at \$10.835 million.

- The 2009 Recommended Capital Budget will facilitate work beginning on Transit City and the revitalization of Regent Park. Funding in 2009 will enable continued SOGR maintenance and reconstruction work on bridges, the Gardiner and Don Valley expressways, major and local road reconstruction and sidewalk maintenance. The 2009 Recommended Capital Budget will continue funding Service Improvement projects such as Neighbourhood Improvement Projects, signage and road safety improvement projects, the Dufferin Street Jog Elimination, cycling initiatives and improvements in the North Yonge Centre area. Projects to be completed in 2009, include the Bloor Street Transformation project, Morningside and Finch Avenue grade separation and installation of the St. Clair Dedicated Streetcar Right of Way.
- The 2009 Recommended Capital Budget and 2010-2013 Recommended Capital Plan provides funding for strategic priorities;
  - ***A Cleaner and More Beautiful City:*** An investment in Neighbourhood Improvement Projects is continuing in the amount of \$0.080 million in capital projects per ward, per year to support making Toronto's neighbourhoods clean and beautiful for a total amount of \$3.520 million for 2009 and 2010.
  - ***A Transit City:*** Transportation Services has included \$25 million for their share of Transit City costs in the 2009 Recommended Capital Budget and 2010-2013 Capital Plan. The Transportation share for Transit City includes design and consulting costs for the impact on right of ways.
  - Funding has been accelerated from 2010 into 2009 in order to complete the St. Clair transit right of way project by the end of 2009 in the amount of \$32.787 million.
  - ***Speed up the implementation of Toronto's bike plan:*** The Recommended 5-Year Plan has increased funding by \$39.240 million for the City-wide Cycling Infrastructure Project. The City will be seeking funding of \$28.790 million from the Province in order to complete east-west links through the Finch and Gattineau Hydro Corridors that is vital to the completion of the Bike Plan. The recommended increase in funding will facilitate the completion of the remaining 410 km of Bike lanes, 122 km of Shared Roadways and 83 km of Off-road Paths required to complete the Bike Plan by 2012. Continued funding of \$45.800 million is proposed in the 5-Year Forecast to further expand the Bike Network.
  - ***Regent Park Revitalization:*** Funding in the amount of \$2.761 million is recommended over the next five years to facilitate reintroduction of the grid of public streets in Regent Park that will help to open up area to its surrounding neighbourhoods. this investment in the community.
  - ***Bloor Street Transformation:*** Funding in the amount of \$12 million is recommended in the 2009 Recommended Capital Budget to complete streetscape improvements on Bloor Street between Avenue Road and Church Street by the end of 2009 to transform it into a world-class tourist destination.
  - ***Dufferin Street Jog Elimination:*** Funding in the amount of \$21.270 million is recommended for the completion of the Dufferin Street Jog Elimination project by 2010 that will help traffic flow and reduce commute times in the area for cyclists, transit users and drivers.
  - ***North Yonge Centre:*** Funding in the amount of \$22.719 million is recommended over 5 years to invest in roads that will help to support continued housing and job growth in the area.

## Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

1. Council approve the 2009 Recommended Capital Budget for Transportation Services with a total project cost of \$240.202 million and a 2009 cash flow of \$330.111 million and future year commitments of \$47.962 million in 2010; \$23.917 million in 2011; \$17.389 million in 2012 and \$1.100 million in 2013. The 2009 Recommended Capital Budget consists of the following:
  - (a) New Cash Flow Funding for:
    - (i) 48 new sub-projects with a 2009 total project cost of \$240.202 million that requires cash flow of \$175.788 million in 2009 and a future year commitment of \$24.175 million in 2010; \$21.750 million in 2011; \$17.389 million in 2012; and, \$1.100 million in 2013;
    - (ii) 23 previously approved sub-projects with a 2009 cash flow of \$101.199 million and a future year commitment of \$23.787 million in 2010; and \$2.167 million in 2011;
  - (b) 2008 approved cash flow for 13 previously approved sub-projects with carry forward funding from 2008 into 2009 totalling \$53.124 million;
2. Council approve new debt service costs of \$5.242 million in 2009 and incremental costs of \$19.592 million in 2010, \$4.570 million in 2011, \$1.894 million in 2012 and \$1.229 million in 2013 resulting from the approval of the 2009 Recommended Capital Budget to be included in the 2009 and future year operating budgets;
3. Council approve all sub-projects with third party financing subject to the receipt of such funding during 2009;
4. Council consider net operating impacts of \$0.263 million in 2009 that emanate from the approval of the 2009 Recommended Capital Budget for inclusion in the 2009 Operating Budget;
5. Council approve the 2010-2013 Capital Plan for Transportation Services totalling \$878.451 million in project estimates, comprised of \$183.253 million in 2010, \$214.153 million in 2011, \$242.616 million in 2012 and \$238.429 million in 2013;
6. Council approve in principle the 2014-2018 Capital Forecast for Transportation Services totalling \$1.174 billion in project estimates, comprised of \$233.504 million in 2014; \$235.530 million in 2015; \$236.841 million in 2016; \$236.241 million in 2017; and, \$232.374 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 Budget process;
7. The General Manger for Transportation Services report back to the Public Works and Infrastructure Committee prior to the 2010 Capital Budget process regarding ongoing discussions with York Region on Steeles Widening and Grade Separations; and,

8. Cycling Infrastructure projects consisting of the Finch and Gattineau Hydro Corridor Trail Projects in the amount of \$3.100 and \$25.690 million for a total project cost of \$28.790 million included in the 5-Year Recommended Capital Plan be approved conditionally, subject to receiving funding from the Province.

## 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
330,086	45,117	13.7%	267,585	81%	62,501

**Comments / Issues:**

Capital expenditures for the period ended June 30, 2008 totalled \$45.117 million or 13.7% of the 2008 Approved Capital Budget of \$330.086 million. Transportation Services is projecting that \$267.585 million or 81.1% of its 2008 Approved Capital Budget will be spent by year-end. The projection of 2008 funding to be carried forward into the 2009 Recommended Capital Budget is \$53.124 million. Carry forward funding includes work on SOGR projects and the Dufferin Street Jog Elimination.

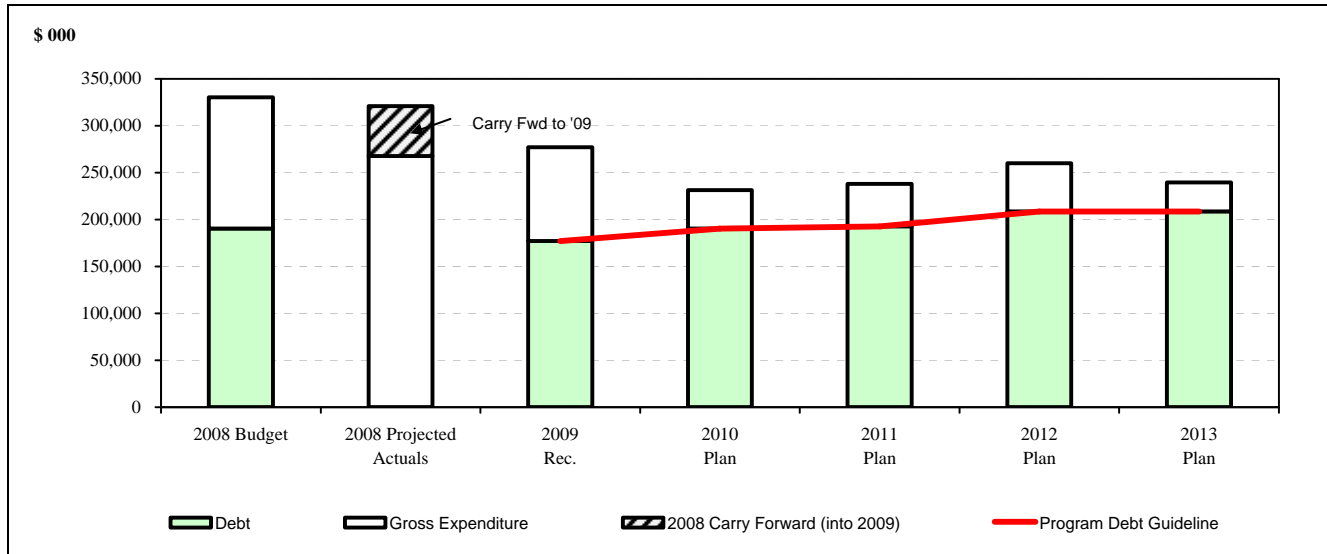
Transportation's capital work consists of two main categories of capital projects: State Of Good Repair and Infrastructure Enhancement.

- Spending for State of Good Repair projects for bridges, local and major roads and expressways to June 30, 2008, total \$11.528 million or 8.2% of the 2008 Approved Capital Budget and is projected to be 81.5% spent at year-end or \$115.224 million. The major expenditures in 2008 include the following projections: local and major road reconstruction and resurfacing (\$53.727 million), sidewalk construction (\$8.545 million), rehabilitation and repair of city bridges (\$41.832 million) and resurfacing and repairs to the Gardiner Expressway and Don Valley Parkway (\$27.757 million).
- Spending on Infrastructure Enhancement projects total \$33.480 million or 17.8% of the 2008 Approved Capital Budget and are projected to be \$152.361 million or 80.8% spent at year-end. The major expenditures in 2008 include work on the following projects;
  - The St. Clair Dedicated Right of Way project is projected to be \$26 million or 78.6% spent at year-end of the total 2008 Approved Capital Budget of \$33.070 million. Progress on this project was delayed due to lead times required by Toronto Hydro to relocate some of its underground plant.
  - The Bloor Street Transformation project is projected to be \$10 million or 76.9% spent at year-end of the total 2008 Approved Capital Budget of \$13 million. The project has been tendered and awarded and construction has begun. Progress on the Bloor Street Transformation may become delayed due to the current court challenge to the project.
  - The Dufferin Jog Elimination project is projected to be \$15 million or 78.1% spent at year-end of the total 2008 Approved Capital Budget of \$19.198 million. Construction had been delayed due to design changes; however tenders have been issued and work is proceeding.

- The Morningside/Finch Rail Grade Separation project is projected to be \$17.5 million or 83.7% spent at year-end of the total 2008 Approved Cash Flow of \$20.912 million.

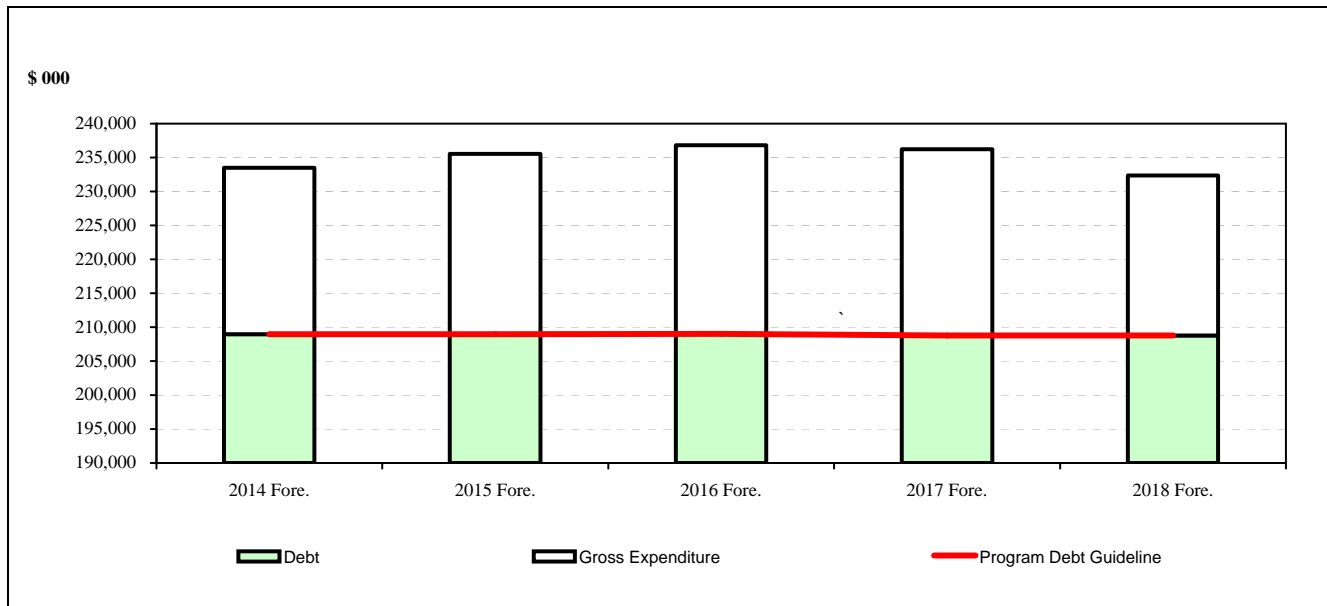


### 5-Year Capital Plan (2009-2013)



	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	330,086	267,585	101,199	23,787	2,167			127,153	
Recommended Changes to Commitments			9,632	(15,287)				(5,655)	
2009 New/Change in Scope and Future Year Commitments			166,156	39,462	21,750	17,389	1,100	245,857	
2010 - 2013 Capital Plan Estimates				183,253	214,153	242,616	238,429	878,451	
1-Year Carry Forward to 2009		53,124							
<b>Total Gross Annual Expenditures &amp; Plan</b>	<b>330,086</b>	<b>320,709</b>	<b>276,987</b>	<b>231,215</b>	<b>238,070</b>	<b>260,005</b>	<b>239,529</b>	<b>1,245,806</b>	
<b>Program Debt Target</b>	<b>168,661</b>		<b>177,091</b>	<b>190,424</b>	<b>192,700</b>	<b>208,629</b>	<b>208,679</b>	<b>977,523</b>	
<b>Financing:</b>									
Recommended Debt	190,383		177,091	190,424	192,700	208,629	208,679	977,523	78%
Reserves/Reserve Funds	7,698		4,400	200	951	240	280	6,071	1%
Development Charges	24,842		16,654	12,476	14,124	16,626	12,680	72,560	6%
Federal									
Provincial	1,000		540	4,900	9,600	13,750		28,790	2%
Other Revenue	106,163		78,302	23,215	20,695	20,760	17,890	160,862	13%
<b>Total Financing</b>	<b>330,086</b>		<b>276,987</b>	<b>231,215</b>	<b>238,070</b>	<b>260,005</b>	<b>239,529</b>	<b>1,245,806</b>	<b>100%</b>
<b>By Category:</b>									
Health & Safety	9,480		10,835	12,281	9,980	9,930	9,940	52,966	4%
Legislated									
SOGR	141,389		135,323	166,453	172,336	181,246	175,365	830,723	67%
Service Improvement	41,255		34,619	20,532	19,250	17,607	15,140	107,148	9%
Growth Related	137,962		96,210	31,949	36,504	51,222	39,084	254,969	20%
<b>Total By Category</b>	<b>330,086</b>		<b>276,987</b>	<b>231,215</b>	<b>238,070</b>	<b>260,005</b>	<b>239,529</b>	<b>1,245,806</b>	<b>100%</b>
Yearly SOGR Backlog Estimate (not addressed by current plan)			19,854	50,000	8,000	7,000	10,000	94,854	
Accumulated Backlog Estimate (end of year)		320,146	340,000	390,000	398,000	405,000	415,000		
Operating Impact on Program Costs			263	13				276	
Debt Service Costs			4,427	23,355	24,812	25,449	27,123	105,167	

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							127,153		
Recommended Changes to Commitments							(5,655)		
2009 New/Change in Scope and Future Year Commitments							245,857		
2014 - 2018 Capital Forecast Estimates	233,504	235,530	236,841	236,241	232,374	1,174,490	2,052,941		
<b>Total Gross Annual Expenditures &amp; Plan</b>	<b>233,504</b>	<b>235,530</b>	<b>236,841</b>	<b>236,241</b>	<b>232,374</b>	<b>1,174,490</b>	<b>2,420,296</b>		
<b>Program Debt Target</b>	<b>208,979</b>	<b>208,979</b>	<b>209,004</b>	<b>208,779</b>	<b>208,779</b>	<b>1,044,520</b>	<b>2,022,043</b>		
<b>Financing:</b>									
Recommended Debt	208,979	208,979	209,004	208,779	208,779	1,044,520	2,022,043		84%
Reserves/Reserve Funds	80	80	150	105		415	6,486		
Development Charges	6,555	6,881	4,797	4,467	2,405	25,105	97,665		4%
Federal									
Provincial		1,700	5,000	5,000	3,300	15,000	43,790		2%
Other Revenue	17,890	17,890	17,890	17,890	17,890	89,450	250,312		10%
<b>Total Financing</b>	<b>233,504</b>	<b>235,530</b>	<b>236,841</b>	<b>236,241</b>	<b>232,374</b>	<b>1,174,490</b>	<b>2,420,296</b>		<b>100%</b>
<b>By Category:</b>									
Health & Safety	9,980	10,021	10,064	10,108	10,151	50,324	103,290		4%
Legislated									
SOGR	178,736	179,582	175,739	175,493	178,558	888,108	1,718,831		71%
Service Improvement	15,713	15,978	16,163	15,978	15,415	79,247	186,395		8%
Growth Related	29,075	29,949	34,875	34,662	28,250	156,811	411,780		17%
<b>Total By Category</b>	<b>233,504</b>	<b>235,530</b>	<b>236,841</b>	<b>236,241</b>	<b>232,374</b>	<b>1,174,490</b>	<b>2,420,296</b>		<b>100%</b>
Yearly SOGR Backlog Estimate (not addressed by current plan)	32,000	26,000	19,000	24,000	23,000	124,000	218,854		
Accumulated Backlog Estimate (end of year)	447,000	473,000	492,000	516,000	539,000				
Operating Impact on Program Costs							276		
Debt Service Costs	27,020	27,167	27,168	27,165	27,141	135,662	240,828		

## 10-Year Capital Plan and Forecast Overview

- The mix of projects recommended in the 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan and, 2014-2018 Proposed Capital Forecast support Transportation Services' objectives of sustainable transportation systems, infrastructure development and maintenance, optimization and efficiency of the transportation network.
- The 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan and, 2014-2018 Proposed Capital Forecast has met the Council approved debt affordability targets for each of the ten years for total debt funding of \$2.022 billion. Of this amount \$0.978 billion in debt funding is for the Recommended 5-Year Capital Plan and \$1.045 billion for the Proposed 5-Year Capital Forecast.
- There was an increase of \$10 million in the debt target for 2011 and 2012 from the 5-Year Capital Plan approved in 2008 for Transportation Services in order to address the SOGR backlog.
- The 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan and 2014-2018 Proposed Capital Forecast is funded primarily from debt which accounts for 84% or \$2.022 billion of the funding. Development charges provide funding for 4% or \$97.665 million. Transportation Services is seeking Provincial funding for 2% or \$43.790 million in order to complete the Bike Plan by 2012 and for redevelopment of the Six Points Interchange. The other 10% or \$250.312 million represents other funding such as section 37, TTC and reserve funding.
- State of Good Repair projects continue to drive Transportation Services Capital Budget. These sub-projects represent 71% or \$1.719 billion of the 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Budget and 2014-2018 Proposed Capital Forecast. Service Improvement projects represent 8% or \$186.395 million. Growth Projects account for 17% or \$411.780 million which include those in the Development Charges forecast. Health and Safety projects account for the remaining 4% or \$103.290 million.
- The current State of Good Repair (SOGR) backlog is estimated to be \$320 million, and will grow to \$539 million by the end of 2018. Funding strategies are currently being developed to stabilize and reduce the forecasted SOGR backlog forecasted for 2018 in time for the 2010 Capital Budget process.
- There is an unmet need in the amount of \$77 million. These are growth-related projects that have been deferred due to funding constraints and to focus resources on SOGR, including such projects as Steeles Avenue Widening and North Yonge Centre.
- The incremental operating impacts of \$0.276 million are for the maintenance costs for New Traffic Control Signals/Devices, Traffic Control – RESCU and Cycling Infrastructure projects that result from the approval of Recommended 5-Year Capital Plan.
- The Recommended 5-Year Capital Plan results in debt service charges of \$105.167 million. The remaining \$135.662 million in debt service charges results from the Proposed 5-Year Capital Forecast.

- The 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan; and, 2014-2018 Proposed Capital Forecast provides funding of \$115.140 million for Cycling Infrastructure projects. Of this amount \$69.340 million is included in the Recommended 5-Year Capital Plan which represents an increase in funding of \$39.240 million over the 5-Year Capital Plan approved in 2008 for Cycling Infrastructure in order to complete the Bike Plan by 2012. The 2009 Recommended Capital Budget provides funding of \$7.040 million, which is an increase of \$1.540 million from the 2008 Recommended Capital Budget.

## Multi-Year Debt Affordability Targets

The 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan and, 2014-2018 Proposed Capital Forecast has met the Council approved debt affordability targets for each of the ten years. There was an increase of \$10 million in the debt target for 2011-2018 for Transportation Services in order to address State of Good Repair (SOGR) needs. Recoverable debt of \$10 million for 2009 is being utilized for the Bloor Street Transformation project in order to improve the public realm and enhance the area as a world-class tourist destination. This project involves upfront debt funding to be recovered from the Bloor Street Business Improvement Area over the next 20 years.

## Project Category Breakdown

**State of Good Repair:** SOGR sub-projects represent 71% of the 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan; and, 2014-2018 Proposed Capital Forecast. These projects account for \$1.719 billion of the total new cash flow of \$2.421 billion. Of this amount \$830.723 million or 48% is for the Recommended 5-Year Capital Plan and \$888.108 million or 52% is for the 2014-2018 Proposed Capital Forecast. State of Good Repair projects are driven by rehabilitation project work on the Expressways such as the Gardiner and Don Valley Parkway, City Bridges and on Local and Major Roads. These projects are designed to extend the useful life of assets, ensure service reliability, and postpone replacement.

**Service Improvement Projects:** Represent 8% or \$186.395 million of the funding provided over the 10-year planning horizon. Of this amount \$107.148 million or 57% is for the Recommended 5-Year Capital Plan and \$79.247 or 43% is for the 2014-2018 Proposed Capital Forecast. Examples of service improvement projects include Cycling Infrastructure, Advanced Traffic Signal Controls and LED Signal Module Conversion. These projects are designed to address the public desire for a more sustainable transportation system as well as to implement initiatives outlined in the Climate Change, Clean Air and Sustainable Energy Action Plan.

**Growth Projects:** Account for 17% or \$411.780 million over the 10-year planning horizon. Of this amount \$254.969 million or 62% is for the Recommended 5-Year Capital Plan and \$156.811 million or 38% is for the 2014-2018 Proposed Capital Forecast. Projects include the Dufferin Street Jog Elimination, Six Points Interchange Redevelopment, St. Clair Transit Right of Way, North Yonge Centre and Transportation Services share of Transit City. These projects are designed to address the need for increased infrastructure as the City continues to grow and seeks to maximize Development Charges as a funding source whenever it is applicable and available.

**Health and Safety:** Account for the remaining 4% or \$103.290 million of the 10-Year Capital Plan and Forecast. Of this amount \$52.966 million or 51% is for the Recommended 5-Year Capital Plan and \$50.324 million or 49% is for the 2014-2018 Proposed Forecast. Projects include Pedestrian Crosswalk Replacement & Visibility Enhancements, Signal Major Modifications and New Traffic

Control Signals. These projects are designed to address the need to improve the safety for all users of the City's right of ways.

### **Project Financing**

The 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan; and, 2014-2018 Proposed Capital Forecast is funded primarily from debt which accounts for 84% or \$2.022 billion of the funding. Development charges provides funding of \$97.665 million or 4%. Transportation Services is seeking Provincial funding of \$43.790 million or 2% in order to complete Finch and Gattineau Hydro Corridor bike trails and for redevelopment of the Six Points Interchange. The other 10% or \$250.312 million represents other funding such as Section 37 funding for traffic control signals and construction of local roads; TTC funding for track work on the City's right of ways, reserve funding for specific eligible Bike Plan projects and for improvements to the road network in the North Yonge Centre area.

### **Development Charge Funded Projects**

DC funded projects included in the 10-Year Capital Plan and Forecast have been confirmed as eligible for Development Charges and have been included for consideration in the upcoming Development Charges By-law Update in the fall of 2008. Consideration has been given to balance the need to maximize the utilization of DCs when applicable and addressing the extensive State of Good Repair needs within the transportation network in the City.

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

#### **SOGR Needs**

The main focus of the 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan; 2014-2018 Proposed Capital Forecast is to undertake on-going state of good repair projects for major and local roads, bridge infrastructure and expressways. Due to recent years funding constraints, there is a backlog of State of Good Repair work for on-going maintenance currently estimated at \$320 million by year-end 2008. While the Program is managing its many project challenges within funding constraints, the focus is to ensure cash flow is approved only for those projects that are ready to proceed.

Recommended funding for SOGR over the 10-year planning horizon represents cash flow spending that can be achieved given the constraints of budget availability and project scheduling. In order to accomplish this and meet the debt affordability targets, funding to reduce the backlog for Local and Major Roads has been re-allocated to other projects of higher and immediate priority in the past. The current SOGR backlog is estimated to be \$320 million, and will grow to \$539 million by the end of 2018. The backlog continues to grow despite increased spending to address it because a large proportion of the City's roads and bridges were constructed in the 1960s and 1970s. Many of the roads and bridges constructed in this time period are now requiring reconstruction and will add even further to the existing backlog unless there is substantial investment in SOGR.

Funding strategies are currently being developed to stabilize the SOGR backlog and Transportation Services will continue to work with the Acting Deputy City Manager and Chief Financial Officer during 2009 on availability of funding, project scheduling and staff resources required in time for the

2010 Capital Budget process. Required funding to stabilize the backlog is detailed in Section Two in the Issues For Discussion section.

### Unmet Service Needs

Transportation's unmet service needs total \$77 million. These estimates represent growth-related projects that have been deferred due to funding constraints, such as a portion of the North Yonge Centre Road project and the Steeles Avenue Widenings and the Markham/Steeles intersection improvements. Cost sharing for the latter two projects is currently being negotiated with York Region. The list of unmet needs is detailed below;

Project Name	Total Project Cost (000's)
Markham/Steeles Intersection Improvements	2,000
North Yonge Centre	20,000
Steeles Ave widenings	55,000
<b>Transportation Services</b>	<b>77,000</b>

As priorities get adjusted in the future, funding may be made available to address some of the unmet service needs.

### Program Capacity and Readiness to Proceed

The state of readiness of projects is one of the main criteria for placing projects within the 10-Year Capital Plan and Forecast. One factor in determining the state of readiness is the status of negotiations with third parties where there is reliance on third party funding and coordination of capital work. Transportation Services' state of good repair projects is the main focus of the capital works program and is generally ready to proceed. New road, bridge and underpass projects are currently scheduled on an on-going basis, with readiness determined by design preparation, perceived need, disposition of planning, tendering and engineering studies. Cash flow reallocations are utilized periodically throughout the year to apply debt funding to projects that are ready to proceed and defer projects that become delayed. This strategy helps to minimize the impact of project delays and ensures that debt funding is utilized effectively.

Growth or service improvement projects are less likely to be predictable. Projects such as the Dufferin Street Jog Elimination and Six Points Interchange Redevelopment are subject to negotiations with third parties such as developers and land owners as it pertains to project timing, land acquisition or scheduling of resources based on third party funding agreements. Flexibility to reallocate funds to other projects is more restricted for this type of project as they are more likely to be funded from third parties or development charges which usually contain more restrictive measures and agreements in place regarding spending and capital work coordination.

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

- There was an increase in the debt targets for 2011 and 2012 of \$10 million per year in order to address the SOGR backlog. The increase in debt funding help to reduce the forecasted SOGR backlog for 2012 by \$10 million in comparison to the 5-Year Capital Plan approved in 2008.
- Consultation with the Cycling Committee and joint coordination with the Parks Forestry and Recreation Division has produced an acceleration strategy, which includes increased funding and greater project coordination in order to complete the Bike Plan by 2012. The details of this acceleration strategy is included in Section Two in the Issues For Discussion section. Cash flow in the 2009 Recommended Capital Budget; 2010-2013 Capital Plan has increased to \$69.340 million, representing an increase of \$39.240 million over the amount approved for the 5-Year Plan in 2008.
- The North Yonge Centre Project has been re-established in the 2009 Recommended Capital Budget and 2010-2013 Capital Plan. It was determined that in 2008 there was insufficient funding available from Development Charges to complete the project that is required as a result of significant development in the area. As part of the current update to the DC By-law to be completed in the fall of 2008, costs of the project and the allocation of benefiting growth has been revised and updated and it is now anticipated that there will be increased availability of Development Charge funding for this project. Funding in the amount of \$22.719 million has been included in the Recommended 5-Year Capital Plan. The project requires an additional \$20 million to complete and opportunities for funding may arise if priorities are revised.
- Funding in the amount of \$2.761 million has been included in the 2009 Recommended Capital Budget and 2010-2013 Capital Plan for infrastructure associated with the revitalization of Regent Park. The revitalization initiative will reintegrate the neighbourhood with the surrounding urban fabric. Transportation Services is contributing to this initiative through the re-introduction of the grid of public streets that will improve the public realm by connecting the community to surrounding neighbourhoods.
- Funding in the amount of \$25 million has been included for Transportation Services' share of Transit City in the Recommended 5-Year Plan. Opportunities to expand the road network are limited within the City of Toronto. In order to accommodate continued growth, and to support the objectives of the City's Climate Change Plan expanding the capacity of the existing transit system is essential. Funding of Transit City will help to increase capacity of the transit network and ease congestion and move people more efficiently throughout the City.
- Previously approved commitments for the improvements to the easterly elevated deck section of the Gardiner Expressway project from Jarvis Street to east of the Don Valley Parkway have been reduced by \$6 million in 2009 and \$4 million in 2010. This is a result of City Council's approval of the Environmental Assessment for Creation of a Waterfront Boulevard and Removal of the Gardiner Expressway East from Jarvis report on July 15,16 and 17, 2008 that recommended that rehabilitation of the Gardiner Expressway be deferred with the exception of essential works required to provide safe operating conditions.

- Increased funding in the amount of \$7.135 million has been included in the 2009 Recommended Capital Budget and 2010-2013 Capital Plan for the Dufferin Street Jog Elimination due to increases in costs for land acquisition, repairs to the structure and design changes.
- Funding in the amount of \$12.787 million has been accelerated from 2010 into 2009 in order to complete the St. Clair transit right of way project by the end of 2009.

### **Capital Projects Highlights**

The 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan and 2014-2018 Proposed Capital Forecast directly advances the following Mayor's/Council strategic priorities;

#### ***A Cleaner and More Beautiful City:***

##### *Neighbourhood Improvement Projects*

An investment in Neighbourhood Improvement Projects is continuing in the amount of \$0.080 million in capital projects per ward, per year to support making Toronto's neighbourhoods clean and beautiful for an amount of \$3.520 million each year for 2009 and 2010. Some of the projects that are in progress include improving the appearance of the University Front Street Traffic Triangle, enhancing the entrance to the Harbour Square Ferry Docks and improving the appearance of the Lower Yonge Street Underpass.

#### ***A Transit City:***

*The City is making public transit a priority by expanding the number of enclosed, dedicated transit right-of-ways as identified in Transit City and as included in Metrolinx's draft Regional Transportation Plan.*

The three priority routes are:

- Eglinton Crosstown LRT
- Finch West LRT
- Sheppard East LRT

The planning and EA approval process for these projects has been a coordinated effort between TTC, Transportation Services, City Planning, and Waterfront Toronto. Transportation Services has included \$50 million for their share of Transit City in the 2009 Recommended Capital Budget; 2010-2013 Capital Plan; and, 2014-2018 Forecast. The Transportation share for Transit City includes design and consulting costs related to the design of the right of ways.

Funding has been accelerated from 2010 into 2009 in order to complete the St. Clair transit right way project by the end of 2009.

#### ***Speed up the implementation of Toronto's bike plan:***

Consultation with the Cycling Committee and joint coordination with Parks, Forestry and Recreation staff has produced an acceleration strategy, including increased funding in order to complete the Bike Plan by 2012. The Recommended 5-Year Plan has increased funding of \$39.240 million for the City-



wide Cycling Infrastructure Project. The increase in funding was accommodated by transferring \$7.950 million from the Parks, Forestry and Recreation Division in order to centralize coordination and delivery necessary to complete the Bike Plan by 2012 by Transportation Services. An additional \$28.790 million in funding is being requested from the Province in order to complete a major east-west off-road trails across the City through the Hydro corridor from the Humber River to McNicoll Avenue and through the Gattineau corridor. The remaining additional \$2.500 million has been accommodated within Transportation Services. The recommended increase in funding will facilitate the completion of the remaining 410 km of Bike lanes, 122 km of Shared Roadways and 83 km of Off-road Paths required to complete the Bike Plan by 2012. Funding of \$45.800 million is included in the 2014-2018 Proposed Capital Forecast in order to further expand the Bike Network throughout the City.

***Regent Park Revitalization :***

The Regent Park Revitalization Plan was adopted by City Council on July 22, 23, 24, 2003 in order to reinvest, redevelop and intensify more than 70 acres of land in downtown Toronto with the purpose of reintegrating the neighbourhood with the surrounding urban fabric. Part of this initiative required extensive investment in infrastructure such as the reintroduction of the grid of public streets in Regent Park that will help to open up the area to its surrounding neighbourhoods. Funding in the amount of \$2.761 million is recommended over the next five years and \$2.975 million is proposed for 2014-2018 for 5-Year Capital Forecast in order to facilitate this investment in the community.

***Bloor Street Transformation:***

Funding in the amount of \$12 million is included in the 2009 Recommended Capital Budget in order to complete streetscape improvements on Bloor Street between Avenue Road and Church Street by the end of 2009. The project will help to improve the appearance and feel of the public realm in the area and transform it into a world-class tourist destination where many high-scale retailers and several cultural attractions and educational institutions are located. These include the Royal Ontario Museum, the Gardiner Museum of Ceramic Art and the University of Toronto and the Royal Conservatory of Music.

***Dufferin Street Jog Elimination:***

Funding in the amount of \$21.270 million is recommended for the completion of the Dufferin Street Jog Elimination project by 2010 that will help transit operations and traffic flow by eliminating the necessary detour to Queen Street and Gladstone Avenue when navigating along Dufferin Street in the area. This will reduce commute times in the area for cyclists, transit users and drivers and improve the safety and environment for cyclists and pedestrians. The reconfiguration will improve the appearance of the intersection and will help to increase pedestrian traffic to the area.

***North Yonge Centre:***

The City's Official Plan and the Provincial growth plan for the Greater Golden Horseshoe identified the North Yonge Centre as a key area for growth which could become an important economic growth generator and attract new talent and investment. Funding in the amount of \$22.719 million is recommended over 5 years for the acquisition of land and the construction of the service road which is required to support development growth in the area and protect the adjacent stable neighbourhoods.

## 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>IT Projects:</b>								
Signal Major Modifications	1,800	1,870	2,440	2,290	2,290	10,690	11,450	22,140
<b>Facility Projects:</b>								
Facility Improvements	1,000	1,025	1,051	1,076	1,103	5,255	5,945	11,200
<b>Major City Initiatives:</b>								
Cycling Infrastructure	7,040	12,750	18,900	21,750	8,900	69,340	45,800	115,140
Neighbourhood Improvement Project	3,520	3,520				7,040		7,040
Transit City (Transportation Share)	5,000	5,000	5,000	5,000	5,000	25,000	25,000	50,000
North Yonge Centre	6,203	4,000	5,000	5,000	5,000	25,203		25,203
Six Points Interchange Redevelopment							41,548	41,548
Dufferin Street Jog Elimination	19,770	1,500				21,270		21,270
St. Clair Transit Right of Way	32,787					32,787		32,787
Bloor Street Transformation	12,000					12,000		12,000
Regent Park Revitalization		562	1,687		512	2,761		2,761
<b>Total</b>	<b>89,120</b>	<b>29,665</b>	<b>32,391</b>	<b>35,116</b>	<b>22,293</b>	<b>211,346</b>	<b>129,743</b>	<b>341,089</b>

The Signal Major Modifications project is an IT project that modifies traffic control signals based on recommended province-wide criteria.

The Facility Improvements project is a program to rehabilitate Transportation Service buildings to an acceptable health and safety standard.

Reconfiguration of the Six Points Interchange has been a municipal objective for more than two decades. Some of the key benefits to be achieved through the redevelopment include:

- Simplifying the road network, releasing surplus interchange lands for other uses
- Creating a more desirable, attractive and safe environment for pedestrians and cyclists
- Improving access to the Kipling Subway Station which is a key inter-regional transit for west end residents, and for commuters living beyond the City boundaries.

## 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)	263.0					263.0		263.0
Approved Positions						0.0		0.0
Debt Service Costs	4,427.3	19,591.5	4,569.8	1,894.0	1,228.9	31,711.5		31,711.5
<b>Recommended 2010-2013 Capital Plan</b>								
Program Costs (net)		13.0				13.0		13.0
Approved Positions						0.0		0.0
Debt Service Costs		3,763.7	20,242.2	23,555.2	25,894.1	73,455.2		73,455.2
<b>Recommended 2014-2018 Capital Forecast</b>								
Program Costs (net)								0.0
Approved Positions								0.0
Debt Service Costs							135,661.6	135,661.6
<b>Total</b>								
Program Costs (net)	263.0	13.0				276.0		276.0
Approved Positions								
Debt Service Costs	4,427.3	23,355.2	24,812.0	25,449.2	27,123.0	105,166.7	135,661.6	240,828.3

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

### Program Operating Impacts

The incremental operating impacts outlined above include the maintenance costs for New Traffic Control Signals/Devices and Traffic Control – RESCU projects.

### Debt Service Cost

Debt service costs resulting from approving the 2009 Recommended Capital Budget amount to \$4.428 million in 2009. Approval of the Recommended 5-Year Capital Plan will result in debt service costs of \$105.167 million and \$135.662 million for the 2014-2018 Proposed Forecast.

**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		101,199		101,199		53,124	154,323	23,787	2,167	-							180,277
Change in Scope		9,632		9,632			9,632	(15,287)									-5,655
New			27,677	27,677			27,677	22,799	21,750	17,389	1,100						90,715
New w/Future Year			138,479	138,479			138,479	16,663									155,142
<b>Total Expenditure</b>		<b>110,831</b>	<b>166,156</b>	<b>276,987</b>		<b>53,124</b>	<b>330,111</b>	<b>47,962</b>	<b>23,917</b>	<b>17,389</b>	<b>1,100</b>						<b>420,479</b>
<b>Financing</b>																	
Reserves/Res Funds		-	4,400	4,400		-	4,400		751								5,151
Development Charges		6,233	10,421	16,654		6,000	22,654	6,116	5,862	3,697							38,329
Other		45,137	33,705	78,842		-	78,842	1,970	1,990	2,250							85,052
Debt		59,461	117,630	177,091	177,091	47,124	224,215	39,876	15,314	11,442	1,100						291,947
<b>Total Financing</b>		<b>110,831</b>	<b>166,156</b>	<b>276,987</b>	<b>177,091</b>	<b>53,124</b>	<b>330,111</b>	<b>47,962</b>	<b>23,917</b>	<b>17,389</b>	<b>1,100</b>						<b>420,479</b>

**Comments / Issues:**

- The 2009 Recommended Capital Budget is \$330.111 million gross, including \$101.199 million in funding for previously approved projects, \$175.788 million for new/change in scope projects and \$53.124 million to fund projects carried forward from 2007 to 2008.
- Approval of the 2009 Recommended Capital Budget of \$330.111 million will result in a commitment of \$47.962 million in 2010, \$23.917 million in 2011, \$17.389 million in 2012 and \$1.100 million in 2013, which will encumber the following year’s spending. To fund 2009 recommended cash flow and future year commitments, Transportation Services will require new debt funding of \$177.091 million in 2009, \$39.876 million in 2010, \$15.314 million in 2011, \$11.442 million in 2012 and \$1.100 million in 2013.
- The 2009 recommended cash flow and future year commitments will provide for the completion of the Dufferin Jog Elimination and St. Clair Right of Way project which will help to improve transit service and allow for more efficient traffic flow. The 2009 recommended funding will also fund SOGR needs for City Bridge Rehabilitation in the amount of \$59.465 million, Major Road Resurfacing in the amount of \$24.713 million and Local Road Resurfacing in the amount of \$37.166 million.

## 2009 Recommended Capital Budget

### 2009 Recommended Capital Budget versus Debt Target

The 2009 Recommended Capital Budget including previously approved commitments requires new 2009 cash flow of \$276.987 million gross with debt funding of \$177.091 million. This cash flow combined with funding carried forward of \$53.124 million for 2008 projects provides a total 2009 Recommended Capital Budget of \$330.111 million gross. The 2009 Recommended Capital Budget for Transportation Services meets the debt affordability guideline of \$177.091 million.

### Capital Budget by Project Category

**State of Good Repair:** These sub-projects represent 49% of the 2009 Recommended Capital Budget or \$135.323 million of \$276.987 million. State of Good Repair projects are driven by continued rehabilitation project work on Expressways such as the Gardiner and Don Valley Parkway, City Bridges and on Local and Major Roads. These projects are designed to extend the useful life of assets, ensure service reliability, and postpone replacement.

**Service Improvement Projects:** These projects represent approximately 12% or \$34.619 million. Examples of service improvement projects include on-going work for Cycling Infrastructure, Advanced Traffic Signal Controls, LED Signal Module Conversion and the completion of the Bloor Street Transformation. These projects are designed to address the public desire for improvements to the public realm, a more sustainable transportation system as well as to implement initiatives outlined in the Climate Change, Clean Air and Sustainable Energy Action Plan.

**Growth Projects:** These projects account for 35% or \$96.210 million of the 2009 Recommended Capital Budget and include continued work on the Dufferin Street Jog Elimination, North Yonge Centre and completion of the St. Clair Transit Right of Way. These projects are designed to address the need for increased infrastructure as the City continues to grow. Development Charges are utilized as a funding source whenever it is applicable and available.

**Health and Safety:** These projects account for the remaining 4% or \$10.835 million of the 2009 Recommended Capital Budget and include continued work on PXO Replacement & Visibility Enhancements, Signal Major Modifications and New Traffic Control Signals. These projects are designed to address the need to improve the safety for all users of the City's right of ways.

### Capacity and Readiness to Proceed

The 2009 Recommended Capital Budget is ready to proceed. Spending rates are forecasted to remain high at 81% projected for the 2008 year-end, following a strong 2007 performance where spending rates finished at 80%. The list of SOGR projects recommended for the 2009 Capital Budget have been reviewed by Toronto Water, the TTC, Urban Design and the utility companies in order to ensure that there are no scheduling conflicts between the Programs in order to minimize disruptions and delays on capital delivery.

Projects are constantly evaluated for ability to proceed. Reallocations are utilized periodically throughout the year to ensure that projects that are delayed are deferred and replaced with ones that are ready to be accelerated. The Program is confident that it has the means to achieve the 2009 Recommended Capital Budget within the specified timelines and funding targets that have been set.

## PART II: ISSUES FOR DISCUSSION

### 5-Year Capital Plan Issues

#### Bike Plan

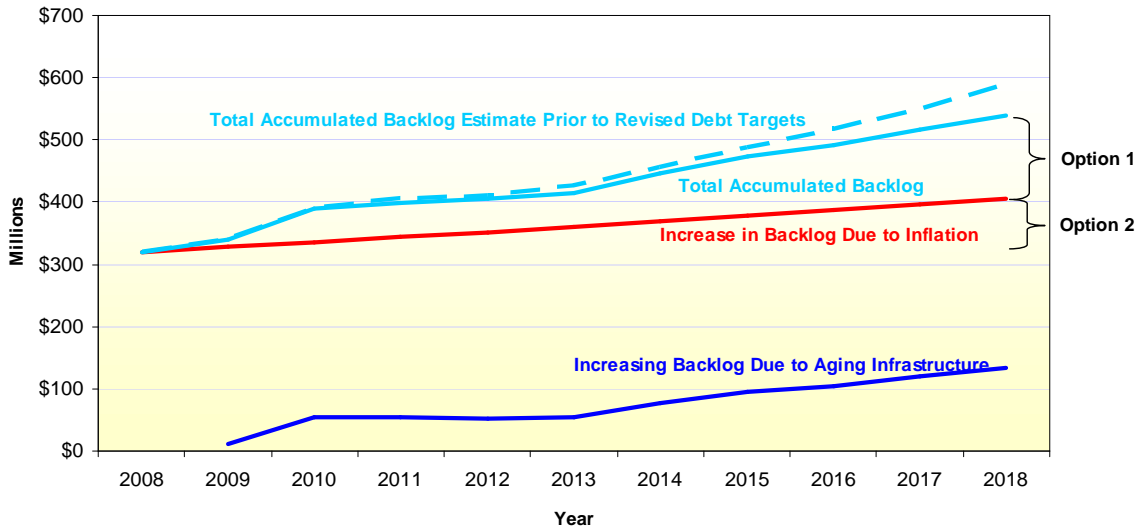
Transportation Services will be implementing an acceleration plan to complete the Bike Plan by 2012. The acceleration plan was the result of joint coordination between the Transportation Services and Parks, Forestry and Recreation Divisions to centralize capital project delivery and coordination on the Bike Plan. Starting in 2009, Transportation Services will be responsible for the delivery of the majority of items required to complete the Bike Plan by 2012. Capital funding has been transferred in the amount of \$7.950 million from Parks, Forestry and Recreation to Transportation Services for 2009-2013 in order to deliver off-road bike trails identified in the Bike Plan. Staff resources will need to be realigned and joint coordination between the two City Divisions will need to continue to ensure a smooth transition and to complete the Bike Plan. A major key component of completing the Bike Plan by 2012 will require funding in the amount of \$28.790 million to be sought from the Province as part of the Province's Move Ontario 2020 Program in order to complete a major East-West Off-Road bike trails through the Finch and Gatineau Hydro Corridors spanning 49 km. It is therefore recommended that these capital projects be approved subject to receiving the required funding from the Province.

### 5-Year Capital Forecast Issues

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

Debt continues to be an important source of funding to address SOGR needs in the 2009 Recommended Budget; 2010-2013 Recommended 5-Year Capital Plan and, 2014-2018 Proposed Capital Forecast for Transportation Services. In recognition of the growing SOGR backlog, debt funding has been increased by \$10 million per year starting in 2011 to help stabilize the backlog. Without the increase in debt funding assigned in 2009 the accumulated backlog was estimated to grow to \$589 million by 2018 instead of the \$539 million that is now forecasted. Debt affordability combined with the two major factors of increasing costs due to fuel prices over the last few years and the large proportion of roads and bridges requiring reconstruction over the next ten years continues to be a constraint for Transportation Services in addressing the backlog of SOGR work. Currently a funding strategy is being developed in order to help stabilize the backlog over the next ten years. The chart on the following page depicts funding options required to stabilize the backlog;

Transportation Services Backlog



Notes

- Even if backlog was to remain constant in quantity, its associated cost will increase year after year due to inflation
- Mini-wave of aging infrastructure coming due after 2015
- Large scale wave of aging infrastructure coming due after 2025
- Option 1 - Infusion of \$13 million per year (in 2009 \$) to keep backlog at \$405 million in 10 years
- Option 2 - Further infusion of \$7 million per year (in 2009 \$) to keep backlog at \$320 million in 10 years

Option 1 demonstrates the impact of aging infrastructure that will come due over the ten years. Over the next ten years it is forecasted that \$134 million in aging infrastructure will need to be addressed. Funding in the amount of \$13 million per year is required in order to address the expected increase in backlog due to aging infrastructure that will come due. Under this scenario, the amount of backlog will continue to grow to \$405 million due to the impact of inflation on the current backlog of work.

Option 2, demonstrates the impact of inflation on the current SOGR backlog of \$320 million. Additional funding in the amount of \$7 million per year over the \$13 million provided in Option 1 is necessary over the next ten years in order to hold the backlog at the current amount of \$320 million.

Debt funding continues to be the primary source of funding for Transportation Services. Under either option, a balanced approach will be required to address any service improvement and growth priorities that require debt funding in the future in order to ensure adequate funding is available to address the SOGR Backlog.

The General Manager of Transportation Services will continue to work closely with the Acting Deputy City Manager and Chief Financial Officer in 2009 to align resources and mobilize staffing in order to develop a funding strategy to stabilize the SOGR backlog in time for the 2010 Capital Budget Process.

## **Outstanding Issues Referred from Prior Years**

The Public Works and Infrastructure Committee at its meeting on September 8, 2008 referred the item PW 18.2 Toronto Rehabilitation Institute on Pedestrian Safety in Winter to the 2009 Capital Budget process. This involves a pilot project to study improved accessibility for pedestrians during winter months. Further review and study will continue with consultation between Transportation Services and iDAPT Research and Development Technology Team, Toronto Rehabilitation Institute on a proposed solution. Alternatives and appropriate location to undertake a pilot project will be examined and reported back to Public Works and Infrastructure Committee in 2009. No funding has been incorporated as part of the 2009 Recommended Capital Budget. It is anticipated that any funding required in 2009 will be accommodated within the recommended capital funding for the 2009.

## **Issues Referred to the 2009 Budget Process**

### **Steeles Avenue Widenings and Grade Separations**

The issue below continues to remain outstanding from the 2007 Capital Budget process and discussions remain on-going.

Three separate sections of Steeles Avenue across the top of the City have been identified for widening as well as a grade separation in the east end. These projects have not been included in the 2009 Recommended Capital Budget. The widenings include Steeles Avenue West (Hilda Ave to Bathurst St), Steeles Avenue West (Jane St to Weston Rd) in 2013 and Steeles Avenue East (Beare Rd to Tapscott). The approximate cost of this work is estimated to be \$110 million. Negotiations are underway between the City and York Region for the cost-sharing of these infrastructure improvements. This additional funding has not been factored into the 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan and 2014-2018 Proposed Capital Forecast (ongoing discussions with York Region also involve cost sharing discussions on this front). It is recommended that the General Manager for Transportation Services report back to Public Works and Infrastructure Committee prior to the 2010 Capital Budget process regarding ongoing discussions with York Region on Steeles Widenings and Grade Separations.



**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	Project / SubProject Name and Number	Projected Balance as at Dec. 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.
XR 2024 Development Charge Reserve Fund - Roads	<b>Beginning Balance</b>	\$11,409	\$11,409	\$4,991	\$9,227	\$11,815	\$11,261	\$15,263	\$25,391	\$35,192	\$47,083	\$58,973
	Growth Related		(\$2,745)	(\$1,372)	(\$1,372)	(\$1,372)	(\$1,372)	(\$1,372)	(\$1,372)	(\$1,372)	(\$1,372)	(\$1,000)
	Scarlett/St.Clair/Dundas				(\$330)	(\$2,037)	(\$2,088)					
	Dufferin Street Jog		(\$5,061)									
	Steeles/Kennedy Grade Separation					(\$250)	(\$3,300)	(\$3,763)	(\$2,640)	(\$422)		
	North Yonge Centre		(\$2,003)	(\$3,016)	(\$4,500)	(\$4,500)	(\$4,500)					
	Morningside Ave/Finch Ave Grade Separation		(\$172)									
	Morningside Ave Extension					(\$2,100)						
	Six Points Interchange								(\$1,449)	(\$1,578)	(\$2,000)	(\$1,205)
	Cycling Infrastructure		(\$636)	(\$636)	(\$720)	(\$720)						
	Signal Modifications		(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)						
	Engineering Studies		(\$119)	(\$136)	(\$140)	(\$140)						
	Redlea		(\$715)	(\$1,097)								
	New Traffic Control Signals		(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)						
	Advanced Traffic Signal Control		(\$1,932)	(\$1,731)	(\$2,571)	(\$1,655)						
	Traffic Control - RESCU		(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)						
	Audible Signals		(\$71)	(\$38)	(\$42)	(\$42)						
	<b>Total Proposed Withdrawals</b>			(16,454)	(11,026)	(12,675)	(15,816)	(11,260)	(5,135)	(5,461)	(3,372)	(3,372)
<b>Projected Contributions</b>			\$10,036	\$15,262	\$15,262	\$15,262	\$15,262	\$15,262	\$15,262	\$15,262	\$15,262	\$15,262
<b>TOTAL RESERVE FUND BALANCE AT YEAR-END</b>		<b>\$11,409</b>	<b>\$4,991</b>	<b>\$9,227</b>	<b>\$11,815</b>	<b>\$11,261</b>	<b>\$15,263</b>	<b>\$25,391</b>	<b>\$35,192</b>	<b>\$47,083</b>	<b>\$58,973</b>	<b>\$72,030</b>

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Projected Balance as at Dec. 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.
XR 1020 Yonge Street Service Road Reserve Fund	Beginning Balance	\$4,247	\$4,247	\$47	\$47	\$47	\$47	\$47	\$47	\$47	\$47	\$47
	North Yonge Centre		(\$4,200)									
	<b>Total Proposed Withdrawals</b>		(\$4,200)									
	<b>Projected Contributions</b>											
<b>TOTAL RESERVE FUND BALANCE AT YEAR-END</b>		<b>\$4,247</b>	<b>\$47</b>	<b>\$47</b>	<b>\$47</b>	<b>\$47</b>	<b>\$47</b>	<b>\$47</b>	<b>\$47</b>	<b>\$47</b>	<b>\$47</b>	<b>\$47</b>

# 2009-2018 Capital Program

# Transportation Services

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Projected Balance as at Dec. 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.	
XR 2028 Development Charge Reserve Fund - Parks and Recreation	<b>Beginning Balance</b>	\$15,443	\$15,443	\$21,179	\$27,188	\$33,198	\$39,847	\$45,886	\$51,925	\$57,964	\$63,998	\$70,362	
	Toronto Bike Plan-CW Expansion (TBP) FY2009		(\$200)										
	Toronto Bike Plan-CW Expansion (TBP) FY2010-2018			(\$200)	(\$200)	(\$200)	(\$200)	(\$200)	(\$200)	(\$200)	(\$200)	(\$200)	
	Mid-Humber Extend Trail Wards 1,2,7 (TBP)					(\$610)	(\$610)	(\$610)	(\$610)	(\$613)			
	Additional Off-Road Bike Trails						(\$610)	(\$610)	(\$610)	(\$612)			
	Centennial Pk(E)-Path Dev throughout (TBP) W14,15											(\$529)	
	Etobicoke Valley Pk: Trail Ext. 9 TBP W16/ALTW 20)											(\$366)	
	CN Leaside Spur Line (TBP)			(\$1,250)	(\$1,249)								
	<b>Total Proposed Withdrawals</b>		(200)	(1,450)	(1,449)	(810)	(1,420)	(1,420)	(1,420)	(1,420)	(1,425)	(1,095)	(200)
	<b>Projected Contributions</b>		\$5,936	\$7,459	\$7,459	\$7,459	\$7,459	\$7,459	\$7,459	\$7,459	\$7,459	\$7,459	\$7,459
<b>TOTAL RESERVE FUND BALANCE AT YEAR-END</b>		<b>\$15,443</b>	<b>\$21,179</b>	<b>\$27,188</b>	<b>\$33,198</b>	<b>\$39,847</b>	<b>\$45,886</b>	<b>\$51,925</b>	<b>\$57,964</b>	<b>\$63,998</b>	<b>\$70,362</b>	<b>\$77,621</b>	

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Projected Balance as at Dec. 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.	
XR 2211 Parkland Acq-City Wide Development	<b>Beginning Balance</b>	\$7,117	\$7,117	\$7,417	\$8,717	\$9,616	\$10,876	\$12,096	\$13,516	\$14,936	\$16,336	\$17,737	
	Toronto Bike Plan-CW Expansion (TBP) FY2009		(\$200)										
	Toronto Bike Plan-CW Expansion (TBP) FY2010-2018			(\$200)	(\$200)	(\$200)	(\$200)						
	Mid-Humber Extend Trail Wards 1,2,7 (TBP)					(\$40)	(\$40)	(\$40)	(\$40)	(\$37)			
	Additional Off-Road Bike Trails						(\$40)	(\$40)	(\$40)	(\$38)			
	Centennial Pk(E)-Path Dev throughout (TBP) W14,15										(\$25)	(\$71)	
	Etobicoke Valley Pk: Trail Ext. 9 TBP W16/ALTW 20)											(\$28)	
	CN Leaside Spur Line (TBP)				(\$401)								
	<b>Total Proposed Withdrawals</b>		(200)	(200)	(601)	(240)	(280)	(80)	(80)	(100)	(99)		
	<b>Projected Contributions</b>		\$500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
<b>TOTAL RESERVE FUND BALANCE AT YEAR-END</b>		<b>\$7,117</b>	<b>\$7,417</b>	<b>\$8,717</b>	<b>\$9,616</b>	<b>\$10,876</b>	<b>\$12,096</b>	<b>\$13,516</b>	<b>\$14,936</b>	<b>\$16,336</b>	<b>\$17,737</b>	<b>\$19,237</b>	

# 2009-2018 Capital Program

# Transportation Services

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Projected Balance as at Dec. 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.
XR 2203 Parkland Acq-West Dist Local Dev	<b>Beginning Balance</b>	\$1,737	\$1,737	\$1,837	\$2,087	\$2,337	\$2,587	\$2,837	\$3,087	\$3,337	\$3,537	\$3,781
	Etobicoke Valley Pk: Trail Ext. 9 TBP W16/ALTW 20)									(\$50)	(\$6)	
	<b>Total Proposed Withdrawals</b>									(50)	(6)	
	<b>Projected Contributions</b>		\$100	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
<b>TOTAL RESERVE FUND BALANCE AT YEAR-END</b>		<b>\$1,737</b>	<b>\$1,837</b>	<b>\$2,087</b>	<b>\$2,337</b>	<b>\$2,587</b>	<b>\$2,837</b>	<b>\$3,087</b>	<b>\$3,337</b>	<b>\$3,537</b>	<b>\$3,781</b>	<b>\$4,031</b>

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Projected Balance as at Dec. 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.
XR 2207 Parkland Acq-North Dist Loc Dev	<b>Beginning Balance</b>	\$1,654	\$1,654	\$1,754	\$2,004	\$1,904	\$2,154	\$2,404	\$2,654	\$2,904	\$3,154	\$3,404
	CN Leaside Spur Line (TBP)				(\$350)							
	<b>Total Proposed Withdrawals</b>				(350)							
	<b>Projected Contributions</b>		\$100	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
<b>TOTAL RESERVE FUND BALANCE AT YEAR-END</b>		<b>\$1,654</b>	<b>\$1,754</b>	<b>\$2,004</b>	<b>\$1,904</b>	<b>\$2,154</b>	<b>\$2,404</b>	<b>\$2,654</b>	<b>\$2,904</b>	<b>\$3,154</b>	<b>\$3,404</b>	<b>\$3,654</b>