

Analyst Briefing Notes
Budget Committee
(October 30, 2008)

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October 27, 2008

PART I: CAPITAL PROGRAM**Executive Summary**

- The Waterfront Revitalization Initiative's 2008 Approved Capital Budget of \$42.164 million was 0.3% or \$0.120 million spent as at June 30th, 2008. Under spending was mainly due to the fact that no City funds were released to Waterfront Toronto during the first 6 months of 2008, pending Waterfront Toronto's completion of a comprehensive revenue generation and financing strategy and Memorandum of Understanding between Waterfront Toronto and the City confirming 2008/09 deliverables on a project by project basis. Projected expenditures by year-end are \$37.663 million or 89% of the 2008 Approved Capital Budget. The unspent balance of \$4.501 million in funding is projected to be carried forward into 2009.
- The 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast of \$351.035 million requires no debt funding. The capital program is funded from the Strategic Infrastructure Partnership Reserve Fund and Development Charges.
- The 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast, excluding funding carried forward from 2008 into 2009 of \$4.501 million, totals \$346.534 million, of which 100% is allocated to growth projects.
- The Waterfront Revitalization Initiative's 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast are consistent with the Five-Year Business Plan/Ten-Year Forecast (2008 – 2017) that is pending Council approval at its meeting of October 29 and 30, 2008. One minor change has been recommended to the Five-Year Business Plan/Ten-Year Forecast (2008 – 2017), the reallocation of \$0.031 million from 2009 to 2014-2018 for the Waterfront Secretariat sub-project.
- There are no state of good repair issues for the capital program over the 10-year planning horizon.
- Waterfront Toronto recently undertook a cost estimation validation exercise to determine current costs and cash flows for projects that are presently underway and within its mandate.
- As a result of this exercise, operating budget impacts stemming from approval of the 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast are expected to vary from those that were previously considered by Council at its meeting of November 19 and 20, 2007.
- It is anticipated that a staff report with updated information and projections will be presented to Council for consideration prior to the start of Capital Budget deliberations in 2009.

- The 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast advances the Waterfront Vision, the Mayor’s Mandate and Council’s priority to continue to **“Build a Clean, Green and Beautiful Waterfront”**. Priority actions focus on public investment in parks and public spaces, transit, community facilities, brownfield remediation, and building sustainable communities, such as:
 - Develop West Don Lands and East Bayfront precincts including the introduction of transit and a George Brown College academic/student residence campus (\$161.2 million).
 - Complete Port Union and Mimico Parks (\$10.3 million).
 - Complete Fort York Pedestrian Bridge (\$17.0 million).
 - Complete Environmental Assessments on the Gardiner Expressway (\$10.0 million).
 - Advance development of the Union Station Subway Platform Upgrade (\$53.4 million).
 - Advance development of the Central Waterfront Public Realm (\$29.8 million).

- The 2009 Recommended Capital Budget includes:
 - commitments for previously approved projects requiring cash flow of \$65.692 million. This cash flow combined with carry forward funding of \$4.501 million for 2008 projects bring the total Recommended Capital Budget to \$70.193 million.
 - future year commitments of \$71.364 million in 2010; \$88.778 million in 2011; \$48.345 million in 2012; \$40.000 million in 2013; \$6.470 million in 2014; \$6.470 million in 2015; \$6.471 million in 2016; \$6.471 million in 2017; and, \$6.473 million in 2018.

Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

1. Council approve the 2009 Recommended Capital Budget for the Waterfront Revitalization Initiative's commitments of previously approved 2008 cash flow of \$70.193 million and previously approved future year commitments of \$280.842 million. The 2009 Recommended Capital Budget consists of the following:
 - (a) New cash flow for 13 previously approved sub-projects with a 2009 cash flow of \$65.692 million and previously approved future year commitment of \$71.364 million in 2010, \$88.778 million in 2011, \$48.345 million in 2012, \$40.000 million in 2013, \$6.470 million in 2014, \$6.470 million in 2015, \$6.471 million in 2016, \$6.471 million in 2017 and \$6.473 million in 2018;
 - (b) 2008 approved cash flow for 5 previously approved sub-projects with carry forward funding from 2008 into 2009 totalling \$4.501 million;
2. Council approve the 2009 Recommended Capital Budget for the Waterfront Revitalization Initiative requiring a 2009 cash flow of \$70.193 million and future year commitments of \$280.842 million funded from the Strategic Infrastructure Partnership Reserve Fund and Development Charges.

PART I: CAPITAL PROGRAM

2008 Capital Variance Review

2008 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2008 Approved	Actuals as of June 30 (2nd Qtr Variance)		Projected Actuals at Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
42,164	120	0.3%	37,663	89%	4,501

*The 2008 Capital Budget has been reduced by \$15.886 million pending Council approval of the Toronto Waterfront Revitalization Initiative's 5-Year Business Plan/10-Year Forecast (2008-2017) at its meeting of October 29 and 30, 2008.

Comments / Issues:

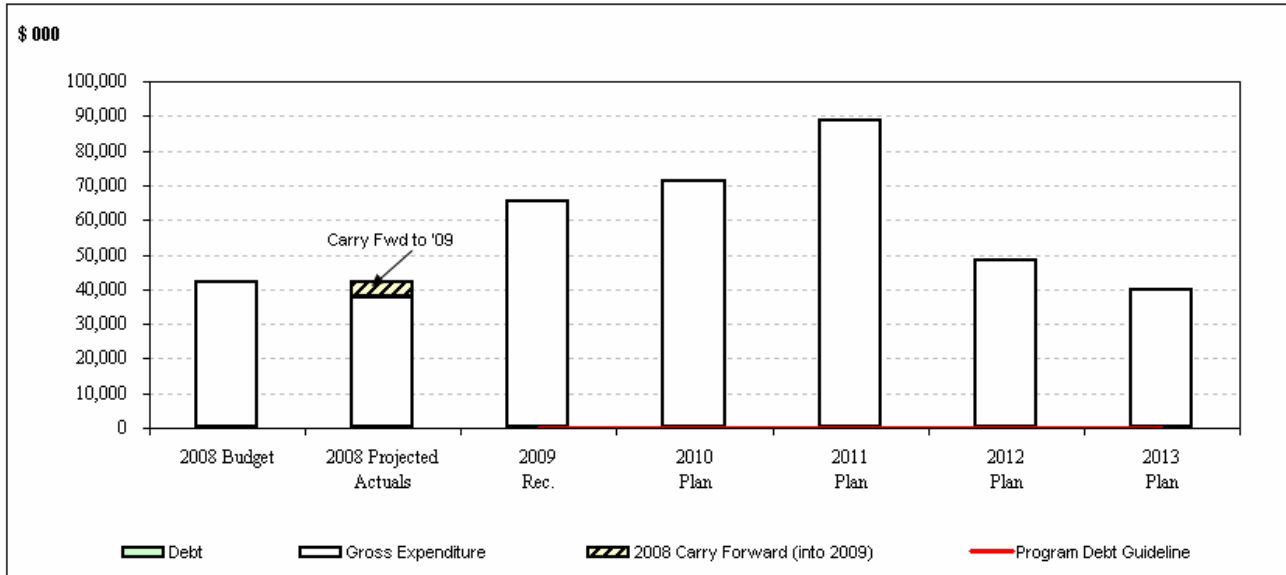
- The Waterfront Revitalization Initiative's 2008 Approved Capital Budget of \$42.164 million was 0.3% or \$0.120 million spent as at June 30th, 2008. Under spending was mainly due to the fact that no City funds were released to Waterfront Toronto during the first 6 months of 2008. The capital budget spending of \$0.120 million reflects staff costs for 5 persons in the Waterfront Secretariat.
- The City releases funds to Waterfront Toronto at the start of every quarter to fund expenditures for the upcoming period. During its deliberations of the 2007-2016 Long-Term Funding Plan, Council at its meeting of July 16, 17, 18 and 19, 2007, directed that no City funds be released to Waterfront Toronto in 2008 pending completion of a comprehensive revenue generating and financing strategy. This document was finalized and endorsed by the 3 orders of government in late September, 2008.
- Council also directed that a Memorandum of Understanding be developed with Waterfront Toronto confirming deliverables for the 2008/09 fiscal year on a project-by project basis. This document was executed in August, 2008.
- With the finalization of these 2 documents, a draw of \$14.277 million from the Strategic Infrastructure Partnership Reserve Fund was processed in October, 2008.
- Waterfront Revitalization Initiative is projected to have a year-end spending rate of 89% or \$37.663 million of the 2008 Approved Capital Budget of \$42.164 million. This represents an improvement over the 88% spending rate that was achieved in 2007. Waterfront Toronto anticipates a spending rate from 90% to 100% of its 2008 Approved Capital Budget by the end of the year.
- The funding from 2008 carried forward into 2009 included in the 2009 Recommended Capital Budget is \$4.501 million and is the same as the projected year-end unspent expenditures of \$4.501 million. Any future adjustments to carry forward funding based on actual expenditures will be reported through to Budget Committee in November, 2008. The funding from 2008 carried forward into 2009 includes the following:

- \$0.152 million for Waterfront Toronto corporate costs.
- \$0.263 million for the Portlands Preparation project.
- \$3.502 million for the Precinct Implementation projects.
- \$0.045 million for the Sports Fields/Facilities and Park Development.
- \$0.539 million for various technical studies.

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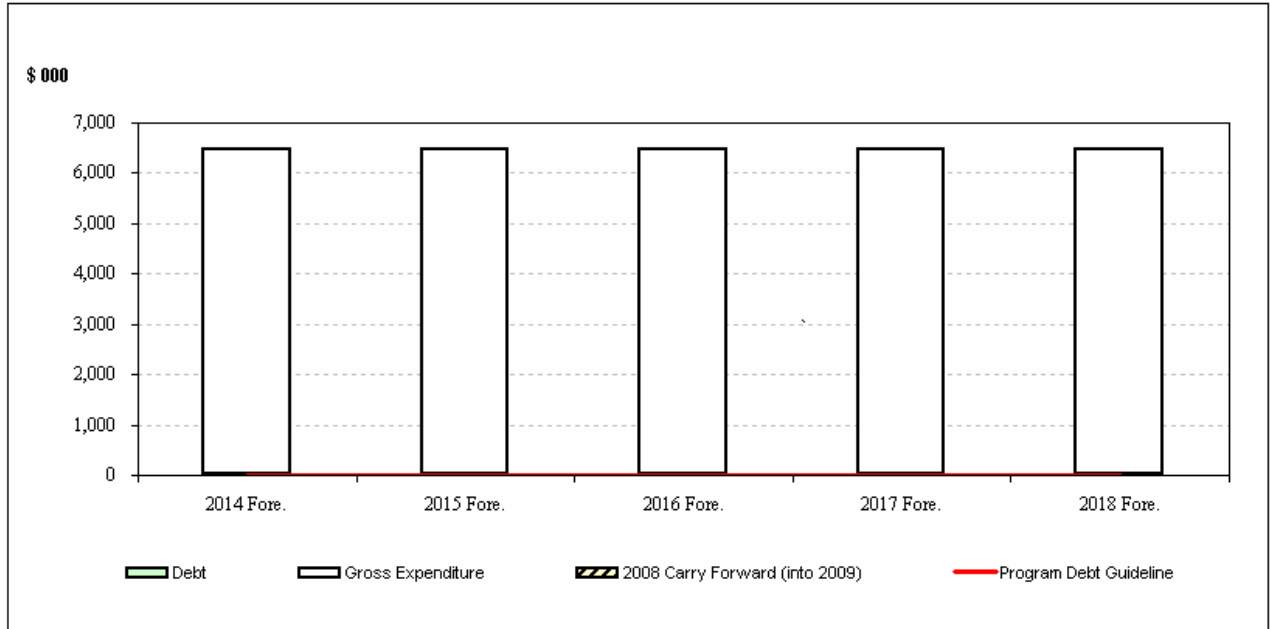
5-Year Capital Plan

(2009 Recommended Budget, 2010-2013 Plan)



	2008		5-Year Capital Plan					2009-2013	5-Year Total Percent
	Budget	Projected Actual	2009	2010	2011	2012	2013		
Gross Expenditures:									
2008 Capital Budget & Future Year Commitments	42,164	37,663	65,692	71,364	88,778	48,345	40,000	314,179	
Recommended Changes to Commitments									
2009 New/Change in Scope and Future Year Commitments									
2010 - 2013 Capital Plan Estimates									
1-Year Carry Forward to 2009		4,501	→						
Total Gross Annual Expenditures & Plan	42,164	42,164	65,692	71,364	88,778	48,345	40,000	314,179	
Financing:									
Reserves/Reserve Funds	41,805		57,817	62,732	79,786	40,831	32,486	273,652	87.1%
Development Charges			7,875	8,632	8,992	7,514	7,514	40,527	12.9%
Federal	180								
Provincial	179								
Other Revenue									
Total Financing	42,164		65,692	71,364	88,778	48,345	40,000	314,179	100.0%
By Category:									
Health & Safety									
Legislated									
SOGR									
Service Improvement									
Growth Related	42,164		65,692	71,364	88,778	48,345	40,000	314,179	100.0%
Total By Category	42,164		65,692	71,364	88,778	48,345	40,000	314,179	100.0%
Yearly SOGR Backlog Estimate (not addressed by current plan)									
Accumulated Backlog Estimate (end of year)									Not Applicable.
Operating Impact on Program Costs									To Be Determined.

5-Year Capital Forecast (2014-2018)



	5-Year Capital Forecast							10-Year Total Percent
	2014	2015	2016	2017	2018	2014-2018	2009-2018	
Gross Expenditures:								
2008 Capital Budget & Future Year Commitments	6,470	6,470	6,471	6,471	6,473	32,355	346,534	
Recommended Changes to Commitments								
2009 New/Change in Scope and Future Year Commitments								
2014 - 2018 Capital Forecast Estimates								
Total Gross Annual Expenditures & Plan	6,470	6,470	6,471	6,471	6,473	32,355	346,534	
Financing:								
Reserves/Reserve Funds	6,228	6,228	6,229	6,229	6,231	31,145	304,797	88.0%
Development Charges	242	242	242	242	242	1,210	41,737	12.0%
Federal								
Provincial								
Other Revenue								
Total Financing	6,470	6,470	6,471	6,471	6,473	32,355	346,534	100.0%
By Category:								
Health & Safety								
Legislated								
SOGR								
Service Improvement								
Growth Related	6,470	6,470	6,471	6,471	6,473	32,355	346,534	100.0%
Total By Category	6,470	6,470	6,471	6,471	6,473	32,355	346,534	100.0%
Yearly SOGR Backlog Estimate (not addressed by current plan)								
Accumulated Backlog Estimate (end of year)	Not Applicable							
Operating Impact on Program Costs	To Be Determined							

10-Year Capital Plan and Forecast Overview

- The 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast does not require debt financing from the City. The capital program for Waterfront Toronto is funded from the Strategic Infrastructure Partnership Reserve Fund and Development Charges.
- The 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast for the Waterfront Revitalization Initiative is consistent with the Five-Year Business Plan/Ten-Year Forecast (2008-2017) that is pending Council approval at its meeting of October 29 and 30, 2008. One minor change has been recommended to the Five-Year Business Plan/Ten-Year Forecast (2008-2017), the reallocation of \$0.031 million from 2009 to 2014-2018 under the Waterfront Secretariat sub-project.
- The 10-year planning horizon reflects Waterfront Toronto's focus on the following key growth projects that advance the Waterfront Vision, the Mayor's Mandate and Council's policy agenda to continue to ***"Build a Clean, Green and Beautiful Waterfront"***:
 - The development of West Don Lands and East Bayfront precincts including the introduction of transit and development of Don River and Sherbourne Parks, and the Central Waterfront Public Realm;
 - The development of a Regional Sports Complex / Sports and Recreation Node in the Portlands;
 - Completing projects that are already underway including Union Station Subway Platform upgrade, and Parks and public spaces; and,
 - Showing significant progress at the Waterfront by continuing to focus on "relentless implementation" over the next 5 years.
- The 2009 Recommended Capital Budget and 2010-2013 Recommended Capital Plan provides funding for priority projects that are already underway such as the Union Station Subway platform upgrade, the development of Parks and public spaces that include Port Union and Mimico, and the Regional Sports Complex with net funding from the City of \$88.522 million. The Waterfront Revitalization Initiative is funded by a \$500 million investment by each of the 3 orders of government and re-investment of revenues from the sale or development of public lands, and other miscellaneous income.
- Over the 10-year planning horizon, the Program requires no debt funding. The Strategic Infrastructure Partnership Reserve Fund will be utilized to fund approximately 88.0% or \$304.797 million of the new cash flow funding of \$346.534 million. Projects eligible for Development Charge funding account for 12.0% or \$41.737 million.
- During 2008, Waterfront Toronto undertook a cost estimation validation process to determine current costs and cash flows for the projects that are presently under way and within its mandate, which in turn necessitated the prioritization and re-phasing of initiatives. This process concluded that due to infrastructure cost increases, not all of the original Waterfront Toronto projects could be accommodated entirely with the funds available from government contributions, sale or development of public lands, and other miscellaneous income. The 2009 Recommended Capital

Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast reflect the updated costs; cash flows; and, priorities. One minor change has been recommended to the forecast, the reallocation of \$0.031 million from 2009 to 2014-2018 for the Waterfront Secretariat sub-project.

Multi-Year Debt Affordability Targets

The 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast will not require debt financing from the City. Council at its meeting of July 25, 26 and 27, 2006, approved that one time proceeds from divestiture of the City's investment in the Toronto Hydro Corporation Promissory Note be contributed to a Strategic Infrastructure Partnership Reserve Fund starting in 2007. The purpose of the Strategic Infrastructure Partnership Reserve Fund is to finance the City's major tax-supported strategic infrastructure programs including the Waterfront re-development in partnership with other orders of governments, and major strategic tax-supported environmental capital projects subject to external funding partnerships. Development Charges are also used to fund the 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast.

Project Financing

The 2009-2013 Recommended Capital Plan is funded primarily from the Strategic Infrastructure Partnership Reserve Fund, which accounts for 87.1% or \$273.652 million of the new cash flow funding of \$314.179 million. Development Charges provide funding for the remaining 12.9% or \$40.527 million.

Over the 10-year planning horizon, project financing remains relatively unchanged, with the Strategic Infrastructure Partnership Reserve Fund accounting for 88.0% or \$304.797 million. Development Charges of \$41.737 million reflect 12.0% of the new cash flow funding of \$346.534 million.

Development Charge Funded Projects

The City will be considering a new Development Charges By-law in late 2008. Maximizing the utilization of Development Charge funding for growth projects will be an objective for the new By-law.

Development Charges will be utilized to partially fund growth projects because of increased need arising from new development. Funding from Development Charges will account for 12.0% or \$41.737 million of the total new cash flow of \$346.534 million.

State of Good Repair Backlog and Unmet Service Needs

State of Good Repair

There are no state of good repair issues for the capital program over the 10-year planning horizon.

Unmet Service Needs

Unmet service needs are addressed by growth and service improvement capital projects which have been identified typically through facility master plans; multi-year service plans; Standing Committee and, Council reports. The Program's unmet service needs include the following:

The 2009-2013 Recommended Capital Plan and 2014-2018 Proposed Capital Forecast contains no infrastructure funding for or revenues from the revitalization of the Portlands, the next major precinct for development (with the exception of greening initiatives and the Regional Sports Complex). Waterfront Toronto intends to address the planning and infrastructure requirements for this area in the future when market conditions will allow the project to be self-sustaining. This will occur only after visible progress is demonstrated in East Bayfront and West Don Lands. The Corporation has indicated that it is committed to continue to look for additional partnership opportunities, among other measures that would allow for revenue maximization wherever possible.

In addition, the Central Waterfront Public Realm and Lake Ontario Parks projects are underfunded, and naturalization of the Don River and creation of Lower Don Lands are not funded in the 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast. These unmet service needs will be addressed by Waterfront Toronto with its government partners in future years to refine its revenue strategy.

Program Capacity and Readiness to Proceed

The Waterfront Revitalization Initiative's projected year-end capital expenditures of \$37.663 million represents an 89% spending rate for 2008. The total year-end under-expenditure of \$4.501 million is an improvement from past spending rates compared to the 2007 rate of 88% or \$48.782 million, 2006 rate of 62% or \$18.526 million, and a rate of 68% or \$14.585 million realized in 2005. Waterfront Toronto anticipates a spending rate from 90% to 100% of its 2008 Approved Capital Budget by the end of the year.

As directed by Council at its meeting of July 16, 17, 18 and 19, 2007, a Memorandum of Understanding with Waterfront Toronto was executed in August, 2008 that confirmed Council's approved budget for Waterfront Revitalization, and outlined the deliverables which Waterfront Toronto will accomplish by March 31, 2009 with the funding provided by the 3 government partners for the Corporation's 2008/9 fiscal year. Council further directed that the release of City funds in 2008 be conditional on endorsement of the comprehensive revenue generation and financing strategy, including a Business and Financial Plan by the Intergovernmental Steering Committee. This document has been finalized and was endorsed by the 3 orders of government in late September, 2008.

Costs that were included in previous budgets for the waterfront redevelopment were based on high-level estimates during various points in time since inception of the Waterfront Renewal Program in 2001. Waterfront Toronto recently undertook a cost estimation validation to determine current costs and cash flows for projects that are presently underway and within its mandate; the process concluded that costs had increased substantially such that not all of the original projects could be accommodated entirely with the funds available from the identified sources such as government contributions. The Corporation therefore prioritized and re-phased its initiatives in order to deliver on its key projects:

- The development of West Don Lands and East Bayfront precincts including the introduction of transit and development of Don River and Sherbourne Parks, and the Central Waterfront Public Realm;
- The development of a Regional Sports Complex / Sports and Recreation Node in the Portlands;
- Completing projects that are already underway including Union Station Subway Platform upgrade, and Parks and public spaces; and,
- Showing significant progress at the Waterfront by continuing to focus on “relentless implementation” over the next 5 years.

The Waterfront Revitalization Initiative’s Five-Year Business Plan/Ten-Year Forecast (2008-2017) is pending Council approval at its meeting of October 29 and 30, 2008.

Changes to the 5-Year Capital Plan (2008-2012)

According to the *Toronto Waterfront Revitalization Corporation Act (2002)*, the Waterfront Revitalization Initiative’s Five-Year Capital Program has to be negotiated and agreed to by all the 3 orders of government on an annual basis. The Program is considered as 1 capital project, with the individual project initiatives accounted for as sub-projects.

It is anticipated, that Council at its meeting of October 29 and 30, will approve the Waterfront Revitalization Initiative’s Five-Year Business Plan/Ten-Year Forecast (2008-2017). Changes to the Program’s 2008-2012 Approved Capital Plan are highlighted below:

(In \$ Thousands)	2009	2010	2011	2012
2008-2012 Approved Capital Plan	55,385	57,095	25,800	25,800
2009-2012 Recommended Capital Plan	70,193	71,364	88,778	48,345
Change \$	14,808	14,269	62,978	22,545

As noted previously, during 2008 Waterfront Toronto undertook a cost estimation validation process to determine current costs and cash flows for the projects that are presently under way and within its mandate, which in turn necessitated the prioritization and re-phasing of initiatives. This process concluded that due to infrastructure cost increases, not all of the original Waterfront Toronto projects could be accommodated entirely with the funds available from government contributions, sale or development of public lands, and other miscellaneous income. The 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast reflect the updated costs; cash flows; and, priorities.

Capital Projects Highlights

The 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast aligns with the strategic directions of the Waterfront Revitalization Initiative’s Five-Year Business Plan/Ten-Year Forecast (2008-2017), which is pending Council approval at its meeting of October 29 and 30, 2008. The capital program advances the Mayor’s Mandate and Council’s priority to continue to “***Build a Clean, Green and Beautiful Waterfront***”. Specifically, over the 10-year planning horizon funding is provided for creating a City of opportunity for all that is cleaner, green and beautiful, one that has a better transit and a stronger economy. The

2009-2013 Recommended Capital Plan and 2014-2018 Proposed Capital Forecast advances the following priority actions outlined in the Mayor's Mandate and Council's policy agenda:

- The 2009-2013 Recommended Capital Plan and 2014-2018 Proposed Capital Forecast provides funding of \$53.369 million for the priority action to create a **“Better Transit Today”**. This includes funding for the Union Station Subway platform that will include construction of a second subway platform at Union Station to provide additional passenger capacity and improved safety, and to make the station more accessible and efficient.
- The Precinct Implementation Projects will help create a **“Stronger Economy”** with the adoption of Tax Incremental Funding policies for waterfront redevelopment areas, which will allow the City to make major investments in infrastructure and recoup the benefits through increased tax revenue.
 - The West Don Lands Precinct Plan was approved by Council at its meeting of May 17, 18 and 19, 2005. To date, the detailed design for Don River Park, the Don River Bridge Enlargement, and the District Energy master planning for West Don Lands and construction of 10% of the flood protection landform have been completed. The development activities earmarked for the next 5 years include initial occupancy of the first market residential buildings for District 3, completion of the flood protection landform, Don River Park and River Square, major roads, water, sewer and storm water infrastructure for District 3 and installation of district energy pipes and permanent plant (project funded separately under West Don Lands/East Bayfront District Energy).
 - The East Bayfront Business and Implementation Plan were approved by Council at its meeting of July 19, 20, 21 and 26, 2006. The East Bayfront Plan calls for a new community that is attractive to many different types of households with a wide range of incomes. Implementation is under way and the focus is on construction of Sherbourne Park, parts of the Water's Edge Promenade and development west of Sherbourne Park. The development of the Queen Elizabeth Docks (south of Queens Quay including Project Symphony) is due for completion by 2021; it includes about 1.4 million square feet of residential housing with approximately 1,700 units of affordable housing, a similar size of employment space and an employment strategy targeted at attracting approximately 7,000 knowledge-based jobs to that space.
- The 2009-2013 Recommended Capital Plan and 2014-2018 Proposed Capital Forecast include funding for Council's priority to fund EA studies for the removal of the Gardiner Expressway East from Jarvis and changes to York and Bay ramps of Gardiner Expressway, as well as improvements in the central area of the Gardiner Expressway and the Fort York Pedestrian Bridge. These projects have a total funding of \$52.440 million over the next 5 years. They will support the revitalization of East Bayfront and the West Don Lands. It will help create improved streetscapes, cycling and pedestrian connections, parks and public spaces by removing the large overhead road structure that currently prevents realization of the full potential of these future waterfront communities.

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
Major City Initiatives:								
Precinct Implementation Projects	36,708	17,909	13,448	26,514	11,610	106,189		106,189
Transportation Initiatives	10,072	30,519	41,452			82,043		82,043
Sport Fields & Facilities & Parks Development	11,562	1,418	4,476		17,697	35,153	10,442	45,595
Total	58,342	49,846	59,376	26,514	29,307	223,385	223,385	446,770

- **Precinct Implementation Projects - West Don Lands / East Bayfront**

The 2009-2013 Recommended Capital Plan provides funding of \$106.189 million for the construction and completion of new facilities in the West Don Lands and East Bay Front Precincts. Waterfront Toronto has identified the following deliverables under the Precincts Implementation Projects for the 2008/2009 fiscal year:

- **West Donlands:** Activities include the construction of flood protection land form to 60% completion; commencement of infrastructure construction, site preparation and environmental remediation of Phase 1 (District 3); Phase 2 (District 1 & 2) plan of subdivision approvals; Risk Assessment/Risk Management plan Phase 2; construction of Bayview Avenue, Phase 1 Woonerfs, River Street & Mill Street; and design and construction of the Storm Water Management Facility. Completion of activities will encompass Risk Assessment/Risk Management plan Phase 1 (District 3), affordable housing agreement with the Toronto Community Housing Corporation; Front Street Design; and registration of phase 1 (District 3) plan of subdivision, selection of Urban Capital Property Group / Redquartz for Phase 1 development and presales of Phase 1 market units by Urban Capital / Redquartz.
- **East Bayfront:** The start of demolition, earth works and municipal servicing for Dockside; external hydro work along Esplanade, Jarvis, Market and Wilton Street and design of East Bayfront water's edge promenade. Other activities include completion of the RFP process and selection of development partners.

- **Transportation Initiatives**

The 2009-2013 Recommended Capital Plan provides \$82.043 million in funding for the West Donlands LRT and the East Bayfront LRT transit lines, the Gardiner EA and York Street Ramps removal and Fort York Pedestrian Bridge. According to Waterfront Toronto's Long Term Plan, the West Donlands LRT EA and the design of Cherry Street LRT will be completed during the 2008/2009 fiscal year as well as the acquisition of rails for Cherry Street. The LRTs constructed in West Donlands and East Bayfront, will ensure that all residences are within a 5 minute walk to transit. The lines will be built in the early stages of development and completed by 2011 for West Donlands and by 2012 for East Bayfront.

The Gardiner EA is expected to take approximately 2 years to complete, the Fort York Pedestrian Bridge EA about 1.5 years while the removal of Gardiner York Street ramps is expected to commence in 2010 and be completed by 2011.

- **Sports Fields and Facilities and Parks Development**

Sports Fields, Regional Sports Complex, Western Beaches Watercourse, Portland Beautification, Commissioner's Park and Central Waterfront Public Realm are priority projects that are funded from the recommended 5-Year Capital Plan. The funding for these projects will facilitate activities ranging from the design and construction necessary to implement transitional sports fields in the Portlands, to clean-up and site preparation projects in the Portlands area. The 2009-2013 Recommended Capital Plan provides funding of \$35.153 million with additional funding of \$10.442 million provided in the 2014-2018 Proposed Capital Forecast for these projects.

Portlands Beautification will see the completion of Leslie Street Greening Phase 2 and detailed design of Martin Goodman Trail, and for the Central Waterfront Public Realm, the completion of EA for Queens Quay, Central Waterfront Public Realm master planning and construction of Spadina Head of Slip. Funding shortfall remains a key issue for the Central Waterfront Public Realm and requires further assessment and review by Waterfront Toronto.

Operating Budget Impact 10-Year Plan & Forecast

Operating impacts arising from the 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast are anticipated to change from previously reported information. According to the Operating Budget Impacts of New Waterfront Infrastructure report that was adopted by Council at its meeting of November 19 and 20, 2007, the cumulative net incremental impact of the Waterfront Revitalization Initiative projects on all City Programs from 2009 to 2013 was estimated at \$52.863 million and \$142.839 million over the next 10 years up to 2018. The report further estimated the 2009 incremental gross expenditure for all impacted City programs to be \$5.474 million with Parks, Forestry and Recreation expected to record the highest impacts at \$5.909 million. Revenues collected by Programs from user fees and subsidies (excluding tax revenues) were projected at \$0.161 million in 2009 and \$13.255 million over the 10-year planning horizon.

In view of the proposed revisions of the 2009-2013 Recommended Capital Plan and 2014-2018 Proposed Capital Forecast, Program operating impacts are expected to vary from those that were previously considered by Council at its meeting of November 19 and 20, 2007.

In November 2007, the Deputy City Manager whose responsibilities include Waterfront Revitalization and the Deputy City Manager and Chief Financial Officer were directed to report to Council every 2 years, commencing in 2009, with updated information and projections on the operating impact of waterfront renewal on all City Agencies, Boards, Commissions and Divisions. It is anticipated that a staff report with updated information and projections will be presented to Council for consideration prior to the start of Capital Budget deliberations for 2009.

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

(In \$ Thousands)	2007 & Prior Year Carry Forwards	2009 Previously Approved Cash Flow Commitments	2009 New Cash Flow Rec'd	2009 Total Cash Flow Rec'd	2008 Carry Forwards	Total 2009 Cash Flow (Incl 2008 C/Fwd)	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total Cost
Expenditures																
Previously Approved		65,692		65,692	4,501	70,193	71,364	88,778	48,345	40,000	6,470	6,470	6,471	6,471	6,473	351,035
Change in Scope																
New																
New w/Future Year						-										
Total Expenditure	-	65,692	-	65,692	4,501	70,193	71,364	88,778	48,345	40,000	6,470	6,470	6,471	6,471	6,473	351,035
Financing																
Reserves/Res Funds		57,817		57,817	4,142	61,959	62,732	79,786	40,831	32,486	6,228	6,228	6,229	6,229	6,231	308,939
Development Charges		7,875		7,875		7,875	8,632	8,992	7,514	7,514	242	242	242	242	242	41,737
Federal				-	180	180										180
Provincial				-	179	179										179
Total Financing	-	65,692	-	65,692	4,501	70,193	71,364	88,778	48,345	40,000	6,470	6,470	6,471	6,471	6,473	351,035

- The 2009 Recommended Capital Budget will require a cash flow of \$70.193 million gross and \$69.834 million net and includes funding for 2008 projects carried forward into 2009 of \$4.501 million and future year commitments of \$71.364 million in 2010; \$88.778 million in 2011; \$48.345 million in 2012; \$40.000 million in 2013; \$6.470 million in 2014; \$6.470 million in 2015; \$6.471 million in 2016; \$6.471 million in 2017; and, \$6.473 million in 2018.
- The 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Capital Forecast is consistent with the Five-Year Business Plan/Ten-Year Forecast (2008-2017), which is pending Council approval at its meeting of October 29 and 30, 2008. According to the Plan, \$153.466 million out of the initial City’s contribution of \$500 million would be spent by the end of 2008, the City’s share (with a balance of \$346.534 million) committed for the 2009 Recommended Capital Budget.
- The approval of the 2009 Recommended Capital Budget will not result in any debt funding. Instead, all the waterfront projects will be funded from the Strategic Infrastructure Partnership Reserve Fund and Development Charges. Carryforward funding from 2008 into 2009 includes funding of \$0.359 million in grants / subsidy from both the federal and provincial governments.

2009 Recommended Capital Budget

2009 Recommended Capital Budget versus Debt Target

The 2009 Recommended Capital Budget requires new cash flow of \$65.692 million with no debt funding. The Program is funded entirely from the Strategic Infrastructure Partnership Reserve Fund and Development Charges.

Capital Budget by Project Category

The 2009 Recommended Capital Budget of \$65.692 million is entirely comprised of growth projects funded from the Strategic Infrastructure Partnership Reserve Fund and Development Charges, which include:

- Precinct Implementation projects account for the largest funding in 2009 at more than 50% of the total.
- Transportation Initiatives and Sports Fields, Facilities and Parks Development, account for approximately 33%.
- Completion of subsurface/remediation and parking area and installation of playground and trees around the sports fields in the Portlands as part of the Sports Fields, Facilities and Parks Development projects.
- Portland Beautification project includes activities such as completing a detailed design of Martin Goodman Trail and commencing its construction, completing Cherry/Commissioner intersection improvement, and completing the construction of the Spadina Head of Slip.

Capacity and Readiness to Proceed

Waterfront Toronto recently completed a cost validation exercise and prioritization / re-phasing of initiatives, as well as developing a Revenue Strategy, and signed a Memorandum of Understanding with the City in a bid to prioritize and further enable project implementation at the waterfront. It is therefore expected that these actions would further contribute to an increase in the Program's capital-spending rate in 2009.

PART II: ISSUES FOR DISCUSSION**2009 Recommended Capital Budget Issues****Five-Year Business Plan/Ten-Year Forecast (2008-2017)**

The *Toronto Waterfront Revitalization Corporation Act, 2002* which came into effect on April 1, 2003 requires that Waterfront Toronto (formerly the Toronto Waterfront Revitalization Corporation) prepare annual rolling five-year business plans for approval by the Federal, Provincial and Municipal governments. The Plans are developed by Waterfront Toronto in partnership with officials from the 3 orders governments. The current Plan, which forms the basis for the 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast, was approved by Executive Committee at its meeting of October 6, 2008. It is anticipated that the Five-Year Business Plan/Ten-Year Forecast (2008-2017) will be adopted by Council at its meeting of October 29 and 30, 2008. The report outlines the deliverables, funding requirements, and cost-sharing arrangements for Waterfront Revitalization over the next 10 year period (2008 to 2017) for the Waterfront Revitalization Initiative Program.

Financial Securities Staff Report

According to the report on Toronto Waterfront Revitalization Initiative's Five-Year Business Plan/Ten-Year Forecast (2007-2016) that was approved by Council at its meeting on July 16, 17, 18 and 19, 2007, the Financial Securities sub-project funding was to provide the City security from Waterfront Toronto and/or third parties constructing municipal infrastructure. Toronto Waterfront Revitalization was to prepare a report recommending certain policy changes for consideration at a future meeting of Council.

The City and Province were to contribute to this initiative 2007 and 2008, after which Waterfront Toronto was expected to obtain private sector financing for the subsequent years the securities would be required. The financing which has been included in the 2009 Recommended Capital Budget has a City contribution of \$7.682 million for the next 5 years and assumes a subsequent funding reduction of \$8.273 million from year 6 to 10. The proposed Financial Securities cash flow funding assumes certain policy changes that would permit a reduction on the infrastructure development securities deposit requirement from 120% (mandatory for private companies) to 20% since Waterfront Toronto will undertake the development on behalf of the 3 orders of government.

Program staff confirmed that the recommendation to reduce securities from 120% to 20% has already been adopted by Council specifically for the Plan of Sub-division for Phase 1 of East Bayfront (west of Sherbourne). Such a recommendation will also be required for every subsequent approval of a Plan of Sub-division in the remaining development areas of East Bayfront and West Donlands.

5-Year Capital Plan Issues

Operating Budget Impacts

The Operating Budget Impacts of New Waterfront Infrastructure report that was adopted by Council at its meeting of November 19 and 20, 2007 identified cumulative incremental operating impacts arising from the Waterfront Revitalization Initiative projects on all City Programs over the next 10 years to 2018 totalling \$142.839 million. In view of the proposed revisions to the 2009 Recommended Capital Budget, 2010-2013 Recommended Capital Plan, and 2014-2018 Proposed Capital Forecast, Program operating impacts as identified in the report are expected to vary from those that were previously reported.

All impacted City programs will need to continually review related projects and where necessary, make provisions for operating impacts as a result of the new and on-going developments at the Waterfront. It is anticipated that a staff report on the operating impact of waterfront renewal on all City Agencies, Boards, Commissions and Divisions with updated information and projections will be presented to Council prior to the start of Capital Budget deliberations in 2009.

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 Dec 31, 2008	Proposed Withdrawals										Total
		2009 Rec. Budget	2010 Plan	2011 Plan	2012 Plan	2013 Plan	2014 Est.	2015 Est.	2016 Est.	2017 Est.	2018 Est.	
Strategic Infrastructure Reserve Fund	108,650.0	61,959.0	62,732.0	79,786.0	40,831.0	32,486.0	6,228.0	6,228.0	6,229.0	6,229.0	6,231.0	308,939.0
XR2024 DCRF - Roads	11,409.0	5,736.0	4,635.0	4,995.0	4,117.0	4,117.0	0.0	0.0	0.0	0.0	0.0	23,600.0
XR2025 DCRF - Transit	58,200.0	2,109.0	3,147.0	3,147.0	3,147.0	3,147.0	242.0	242.0	242.0	242.0	242.0	15,907.0
XR2106 DCRF- Childcare	1,043.5	30.0	250.0	250.0	250.0	250.0	0.0	0.0	0.0	0.0	0.0	1,030.0
XR2030 DCRF - Studies	818.0	0.0	600.0	600.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,200.0
Total Reserve / Reserve Fund		69,834.0	71,364.0	88,778.0	48,345.0	40,000.0	6,470.0	6,470.0	6,471.0	6,471.0	6,473.0	350,676.0