

Budget Committee Recommended 2009 – 2013 Capital Budget and Plan, and Proposed 2014 – 2018 Capital Forecast

Date:	November 17, 2008
To:	Executive Committee
From:	City Manager Acting Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	P:\2008\Internal Services\FP\Bc08021Fp (AFS#7007)

SUMMARY

This report presents the City of Toronto Budget Committee (BC) Recommended 2009 – 2013 Capital Budget and Plan, and Proposed 2014 - 2018 Capital Forecast, recommends approval of 2009 cash flow and future years' commitments for capital projects, and seeks authority for the Mayor and the Acting Deputy City Manager and Chief Financial Officer to negotiate and enter into agreements for the issuance of debentures in 2009 to support the City's capital program. Furthermore, the report recommends approval of the 2010 - 2013 Capital Plan and approval in principle of the Proposed 2014 to 2018 Capital Forecast, which will form the basis for developing future capital budgets and for developing a firm 10-year Capital Plan and Forecast beginning in 2010, in accordance with the City's multi-year financial planning and budgeting policy.

2009 – 2018 Capital Plan and Forecast

The Budget Committee Recommended 2009 – 2013 Capital Budget and Plan (of which the first year is the Capital Budget) and the Proposed 2014 – 2018 Capital Forecast invest in capital projects that meet the Mayor and Council's strategic priorities, and maintain the City's existing infrastructure and physical assets in a state of good repair. Moreover, the Capital Plan and Forecast set the foundation for development of a predictable and firm capital program beginning in 2009. Included in the capital plan and forecast are investments in buildings, vehicles, and infrastructure that lay the foundation for a liveable city, and are key to providing services that the citizens of Toronto demand and depend on every day, and support sustainable development over the next 10 years.

To fulfil the Mayor’s Mandate and to support initiatives developed and approved during the current term of Council, the Budget Committee recommends capital expenditures totalling \$10.871 billion during the 2009 – 2013 term of the Capital Plan; and an additional amount of \$6.477 billion during the five year term, 2014 – 2018, of the Capital Forecast. Over the 10-year term of the Capital Plan and Forecast, the total recommended investment in the City’s infrastructure maintenance and development is \$17.348 billion (see Table 1). Capital expenditures to maintain the City’s infrastructure of \$10.616 billion represents 61% of the total Budget Committee Recommended 2009 – 2013 Capital Budget and Plan and the Proposed 2014 - 2018 Capital Forecast funding. While emphasis has been placed on maintaining and protecting the City’s existing infrastructure and physical assets, the capital budget and plan also invests in strategic and priority service expansion projects to accommodate service demands and expectations of the public.

As illustrated in Table 1 below, the Toronto Transit Commission (TTC) alone accounts for more than half of the 10-year capital spending plan. The 2009 – 2018 Capital Plan and Forecast (inclusive of Spadina Subway Extension and the Transit City Plan recommended for the TTC) is \$9.697 billion or 56% of the City’s total recommended capital spending plan and forecast; and Transportation Services totals \$2.420 billion or 14%. Together, TTC and Transportation Services comprise approximately two-thirds of the recommended funding in the 10–Year Capital Plan and Forecast.

	2009 Capital Budget				2009 - 2013 Capital Plan				2009 - 2018 Capital Plan and Forecast			
	Gross	Debt / CFC	Target	Over / (Under) Target	Gross	Debt / CFC	Target	Over / (Under) Target	Gross	Debt / CFC	Target	Over / (Under) Target
Citizen Centred Services 'A'	138	62	62	(0)	612	333	335	(2)	1,146	733	709	24
Citizen Centred Services 'B'	361	190	190	0	1,648	1,038	1,038	0	2,946	2,145	2,140	5
Internal Services	146	54	55	(2)	710	250	250	0	1,335	506	457	49
Other City Programs	76	33	35	(3)	653	131	131	0	849	241	238	3
Total City Operations	721	338	342	(5)	3,623	1,752	1,754	(2)	6,276	3,625	3,544	81
ABCs Excluding TTC	134	62	73	(11)	691	385	384	1	1,375	812	747	65
Total Tax Supported Excl. TTC	855	400	415	(16)	4,314	2,137	2,138	(1)	7,651	4,437	4,291	146
TTC Conventional	675	124	200		4,416	1,608	983	625	7,107	2,381	1,955	426
Total Before Spadina Subway and Transit City Plan	1,530	524	615	(92)	8,730	3,745	3,121	625	14,758	6,818	6,246	572
Spadina Subway Extension	89				2,125			0	2,573			
Transit City Plan	17				17			0	17			
Total	1,636	524	615	(92)	10,872	3,745	3,121	625	17,348	6,818	6,246	572

Debt and capital contributions from the current operating budget (CFC) are the primary funding sources for the 10-year Capital Plan and Forecast. Debt totaling \$4.424 billion will be issued over the 10 years and \$2.250 billion of existing debt will be retired over the same period resulting in a new debt increase of \$2.173 billion. The approved debt target of \$3.851 billion has been exceeded by \$572 million over the ten year period. The excess is predominantly attributable to TTC’s capital requirements.

However, it must be noted that beginning in 2013 all new debt will be for TTC purposes.

Beginning in 2011, the Transportation Services Capital Budget will be increased by \$10 million to reduce the state of good repair backlog and CFC will be increased incrementally by 10% for an annual average increase of \$22 million over the 10 years, 2009 - 2018. It is noted that with capital investments averaging \$1.735 billion per year during the period 2009 - 2018, the SOGR backlog will reduce at a minimum stabilize by Program over the 10-year term of the capital plan and forecast. The City's SOGR backlog represents approximately 5% of its total estimated capital asset value of \$34 billion (excluding Toronto Water).

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RECOMMENDATIONS

The Budget Committee (BC) recommends that:

- 1) Council approve the Budget Committee Recommended 2009 Tax Supported and Toronto Parking Authority Capital Budget, which incorporate all decisions made during the Budget Committee meeting of November 7, 2008, with total project cost of \$2.306 billion, requiring cash flows of \$1.951 billion in 2009 and future year commitments of \$1.461 billion in 2010; \$1.118 billion in 2011; \$507.114 million in 2012; \$366.820 million in 2013; and \$821.521 million in 2014 to 2018 as detailed below and in Appendix 3(i):
 - a. New Cash Flow Funding for:
 - i) new and change in scope projects with a total project cost of \$2.306 billion requiring: 2009 cash flow of \$624.490 million and future year commitments of \$589.748 million in 2010; \$495.520 million in 2011; \$250.984 million in 2012;

\$117.712 million in 2013 and \$227.166 million in 2014 to 2018 (see Appendix 3.(iii));

- ii) previously approved projects totalling \$3.633 billion requiring: 2009 cash flow of \$1.040 billion and future year commitments of \$871.274 million in 2010; \$622.004 million in 2011; \$256.130 million in 2012, \$249.108 million in 2013 and \$594.355 million in 2014 – 2018 (see Appendix 3(iv));
 - iii) previously approved projects with carry forward funding from 2007 and prior years requiring 2009 cash flow of \$38.125 million, which forms part of the affordability target and require Council to reaffirm its commitment; and,
- b. 2008 cash flow for previously approved projects with carry forward funding from 2008 into 2009 totalling \$287.223 million (see Appendix 3(v)).
- 2) Council approve financing sources for the Budget Committee Recommended 2009 Tax Supported Capital Budget (including 2008 carry forward projects) comprised of: \$325.702 million from Reserves and Reserve Funds; \$150.000 million of Capital from Current funding; \$97.657 million of Developmental Charge funding; \$330.745 million of Provincial Grants and Subsidies; \$272.617 million of Federal Subsidies; \$293.517 million from other sources; and debt of \$481.170 million (inclusive of 2008 carry forward debt funding of \$106.331 million).
 - 3) Council authorize the Mayor and the Acting Deputy City Manager and Chief Financial Officer to enter into an agreement or agreements with a purchaser or purchasers for the sale and issuance of debentures to provide an amount in 2009 not to exceed \$700 million.
 - 4) Council authorize the Acting Deputy City Manager and Chief Financial Officer to reopen an existing debenture issue if it is determined that the reopening will be advantageous to the City, depending upon capital market conditions during 2009.
 - 5) Council approve new debt service costs of \$3.741 million in 2009 and incremental costs of \$28.920 million in 2010; \$66.533 million in 2011; \$54.977 million in 2012; \$41.886 million in 2013; and, \$94.349 million in the five year forecast 2014 – 2018, for inclusion in the 2009 and future operating budgets.
 - 6) Council consider the Program operating impacts resulting from approval of the Budget Committee Recommended 2009 Capital Budget of \$5.316 million in 2009 and incremental costs of \$5.776 million in 2010; \$8.700 million in 2011; \$7.940 million in 2012; \$3.734 million in 2013; and, \$9.861 million in 2014 – 2018, for inclusion in the 2009 and future operating budgets.
 - 7) Council approve the Budget Committee Recommended 2010 – 2013 Capital Plan for the City of Toronto (excluding Toronto Water and Solid Waste Management Services) totalling \$9.328 billion and comprised of \$2.214 billion in 2010, \$2.528 billion in 2011; \$2.470 billion in 2012; and \$2.116 billion in 2013.

- 8) Council approve in principle the Proposed 2014 - 2018 Capital Forecast for the City of Toronto (excluding Toronto Water and Solid Waste Management Services) totalling \$6.615 billion, comprised of \$1.886 billion in 2014; \$1.332 billion in 2015; \$1.212 billion in 2016; \$1.209 billion in 2017; and \$926.830 million in 2018 (as detailed in Appendix 1(i)), and that this forecast be used as the foundation for preparing the 2010 to 2019 Capital Plan and Forecast beginning with the 2010 Capital Budget process.
- 9) Council approve the BC Recommended 2009 Capital Budget and 2010 – 2018 Capital Plan and Forecast Program Recommendations by Category and Funding Source as detailed in Appendix 6.
- 10) Council receive the reports, transmittals and communications that are on file with the City Clerk's Office including Appendix 7 herewith attached, as considered by the Budget Committee at its 2009 Capital Budget review meetings of November 5, 7, and 17, 2008.

FINANCIAL IMPLICATIONS

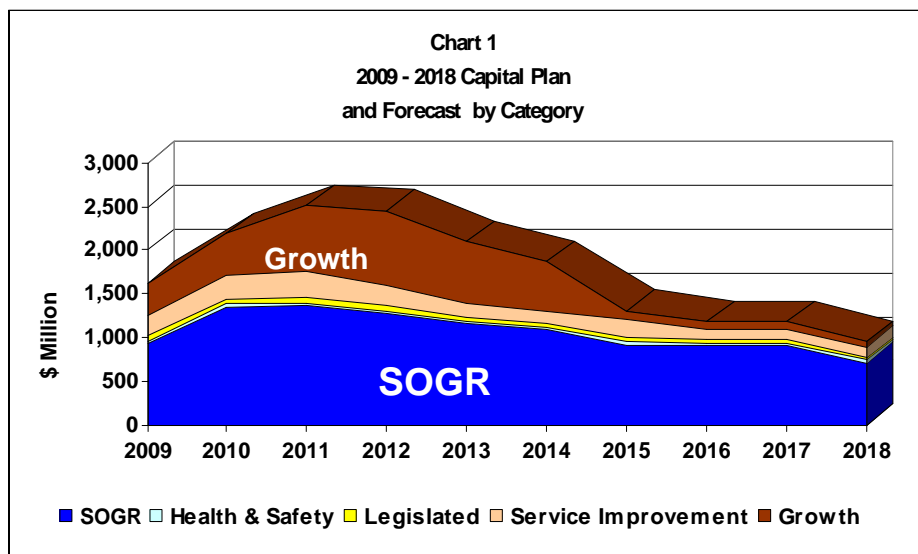
OVERVIEW

Budget Committee Recommended 2009 to 2013 Capital Budget and Plan and the Proposed 2014 – 2018 Capital Forecast

The Budget Committee Recommended 2009 – 2013 Capital Budget and Plan and the Proposed 2014 – 2018 Capital Forecast are prioritized into five categories as shown in Table 2 below. Consistent with the Mayor and Council's directions and guidelines, the recommended Capital Budget, Plan and Forecast focuses on maintaining and rehabilitating existing infrastructure to protect and preserve services that are needed by the citizens of Toronto. Table 2 shows that \$11.377 billion or 66% of the Budget Committee Recommended 2009 Tax Supported Capital Budget of \$17.348 billion is allocated to Legislated, Health and Safety, and State Of Good Repair (SOGR) projects. This emphasis on protection and preservation of existing infrastructure continues throughout the ten-year term of the Capital Plan and Forecast as graphically illustrated in Chart 1.

Expenditures	Capital Plan					2009 - 2013		2009 - 2018	
	2009	2010	2011	2012	2013	Total	%	Total	%
Health and Safety	36	33	24	28	29	151	1.4%	295	1.7%
Legislated	46	57	62	52	46	263	2.4%	476	2.7%
State of Good Repair	937	1,356	1,364	1,279	1,161	6,097	56.1%	10,616	61.2%
Service Improvements	237	264	294	229	156	1,180	10.9%	1,873	10.8%
Growth Related	380	485	758	861	696	3,180	29.3%	4,088	23.6%
Total Expenditures	1,636	2,195	2,502	2,449	2,089	10,871	100%	17,348	100.0%
Funded By:									
Provincial	295	338	444	532	441	2,050	18.9%	2,967	17.1%
Federal	240	296	417	463	404	1,821	16.7%	2,963	17.1%
Reserves	103	95	89	89	119	496	4.6%	962	5.5%
Reserve Funds	187	176	179	93	54	689	6.3%	786	4.5%
Capital from Current	150	165	182	200	220	917	8.4%	1,477	8.5%
Development Charges	84	88	76	60	55	364	3.3%	562	3.2%
Other	202	282	448	443	329	1,705	15.7%	2,290	13.2%
Debt	375	754	667	567	465	2,828	26.0%	5,342	30.8%
Total Funding	1,636	2,195	2,502	2,449	2,089	10,871	100.0%	17,348	100.0%

Despite the growing requirement for investment in infrastructure maintenance and to mitigate SOGR backlog, the Capital Plan and Forecast allocates funding to address the need to also invest in essential service improvement and growth related projects to fulfil the strategic and priorities for the current term of Council, as well as to satisfy the increasing service demands of a growing population. The Budget Committee recommends capital expenditures on Growth Related and Service Improvement projects totalling \$4.360 billion, or approximately 40% of the funding allocated in the Recommended 2009 – 2013 Capital Budget and Plan. A further investment of \$1.601 billion or 25% of the Proposed 2014 – 2018 Capital Forecast is allocated to Growth and Service Improvement projects resulting in a total investment of \$5.961 billion or 34% over the 10 years 2009 to 2018.



In the absence of sufficient alternative sources of funds, debt represents \$2.828 billion or 26% of the financing for the Recommended Five-Year Capital Plan of \$10.871 billion. Other financing sources include: reserve and reserve funds of \$1.185 billion or approximately 11% of total funding requirement; Capital From Current of \$917 million; Development Charge funding of \$364 million; Federal grants and subsidies of \$1.821 billion; Provincial grants and subsidies of \$2.051 billion; and other funding sources of \$1.705 billion, which include donations, contribution from developers, and third party funding.

Sections 71-10 and 71-11 of the Financial Control By-law specify: (i) that no expenditure shall be made and no account shall be paid by or on behalf of the City, except with Council approval; and (ii) that no commitment shall be made except where cash flow funding has been provided in the ... capital budget to the satisfaction of the Chief Financial Officer. Therefore, approval of the 2010 – 2018 Capital Plan and Forecast does not constitute cash flow or spending approval; this is achieved through the approval of the annual capital budget for which funds are appropriated for the fiscal year. The 10-year Capital Plan and Forecast represents a long-term framework for planning and implementing capital activities, and the basis for developing the annual capital budget.

Provincial and Federal Funding - TTC

Financing sources for the Recommended 2009 - 2013 Capital Budget and Plan, and the Proposed 2014 - 2018 Capital Forecast are summarized in Table 2 above. A prevailing assumption of this 10-year Capital Plan and Forecast is that the Provincial government will fund \$2.967 billion or 17%, and the Federal government \$2.963 billion or 17% of the TTC 10-year Capital Plan and Forecast. Investment in transit meets the Mayor and Council's City-Building Priority and vision of making Toronto a transit friendly and a clean and beautiful City. Furthermore, transit capital expenditures implement key City strategies on the environment and climate change.

The Recommended Capital Plan and Forecast for the TTC incorporate significant assumptions related to Provincial and Federal assistance. While the other orders of government confirmed significant transit funding initiatives in 2008, more must be done to address the sizable transit infrastructure funding gap that continues to undermine the City's competitiveness and to impair its ability to fuel the national economy by limiting the City's ability to move people efficiently.

Debt Financing

Consistent with prior years, debt is the largest funding sources for the Budget Committee Recommended 2009 – 2013 Capital Plan, and 2014 - 2018 Proposed Capital Forecast. As shown in Table 3, the debt target for 2009 is \$465 million and a total of \$3.851 billion for 2009 – 2018. After adjusting for retired / reissued debt averaging \$225 million annually, the new debt target is \$240 million in 2009 and \$1.078 billion for the five years 2009 – 2013. For the 10-year term of the Capital Plan and Forecast, the new debt target totals \$1.601 billion. Of the latter amount, \$1.491 billion or 93% of the new debt target has

been allocated to the Toronto Transit Commission (see Table 3). In part, this is due to the fact that, in the absence of alternative funding sources, the City continues to make a disproportionate debt contribution to fund the TTC capital program.

Table 3 2009 - 2018 Capital Budget, Plan and Forecast Debt Targets									
\$ Million									
	2008 Council Approved Debt /	Capital Plan					Total 2009 - 2013	Forecast 2014 - 2018	Total 2009- 2018
		2009	2010	2011	2012	2013			
Baseline Debt - Retire /Reissue	200	225	225	225	225	225	1,125	1,125	2,250
New Debt:									
TTC	167	200	200	194	194	180	968	523	1,491
City	97	40	49	14	6	0	110	0	110
Total New Debt	264	240	249	208	200	180	1,078	523	1,601
Total Debt	464	465	474	433	425	405	2,203	1,648	3,851
Capital from Current (CFC)	136	150	165	182	200	220	917	1,477	2,394
Total Debt & CFC	600	615	639	615	625	625	3,120	3,125	6,245

Chart 2 graphically illustrates that beginning in 2013 no new debt will be required to fund the City's Programs and ABCs, except for TTC. Furthermore, the new debt for TTC will begin to decline starting in 2013.

The Budget Committee Recommended 2009 Capital Budget is under the approved debt target by \$92 million mainly due to TTC which is \$76 million under target (as was shown in Table 1 above). However, the BC Recommended 2009 – 2013 Capital Budget and Plan which includes debt of \$2.828 billion is over the approved debt target by \$625 million primarily attributed to TTC. Over the 10 years 2009 – 2018 the over-debt target amount reduces to \$572 million of which \$426 million is due to TTC. The TTC over debt target amount is driven by acquisition of 130 replacement buses; the purchase of 204 low floor accessible Light Rail Vehicles; and the installation of state-of-the-art signalling systems on the Yonge - University - Spadina subway line. These projects are not affordable within the City's debt guidelines, and are therefore subject to committed federal and provincial funding. Staff will continue negotiations with the other orders of government with a focus on advancing the Provincial Move Ontario 2020 funding in 2010 – 2013.

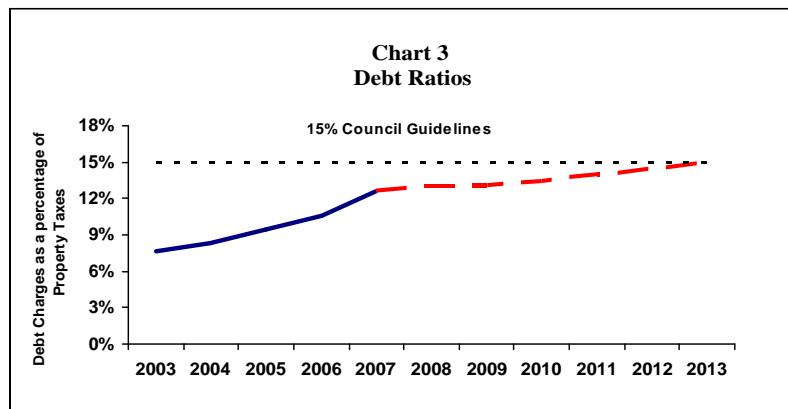
Debt Service Ratio

At its meeting of June 27-29, 2006 (Policy and Finance Committee, Report 5, Clause 25) Council affirmed that the maximum limit of debt service charges as a percentage of total property tax be established at 15% as a benchmark for evaluating capital expenditure levels.

The Budget Committee Recommended 2009 – 2013 Capital Plan and the Proposed 2014 – 2018 Capital Forecast incorporate planned debt issuance as follows: \$240 million in 2009, \$249 million in 2010, \$208 million in 2011, \$200 million in 2012, \$180 million in 2013 and \$523 million for the remaining 5 year Capital Forecast period from 2014 to 2018, excluding financing for Green Lane Landfill (non tax supported). Based on the assumptions that the TTC's debt target is met (through increased subsidy or expenditure reductions), the debt service ratio will achieve the policy guideline of less than 15% as illustrated in Chart 3.

Based on the Budget Committee Recommended 2009 Capital Budget and Recommended 2010 - 2013 Capital Plan, and 2014 - 2018 Proposed Capital Forecast, total debt service charges are estimated to increase by approximately \$30 million per year, from \$428 million in 2008 to \$577 million in 2013.

Chart 3 illustrates the progression of the overall ratio over the period of 2003 - 2013. The debt service ratio is projected to increase from 13% in 2009 to 15% in 2013. The forecast incorporates increased Capital from Current contributions which will help reduce debt and keep the ratio down. Other factors that could reduce the forecast debt ratio include even higher levels of Capital from Current funding, achieving a 50% operating subsidy for transit which would permit reallocation of Provincial gas tax revenue to capital, or cuts and deferrals to capital expenditures in the Plan and Forecast. The recommended debt service ratio complies with the policy guideline of up to 15% as illustrated in Chart 3 below.



Authority to Issue Debentures During 2009

The proceeds from debentures to be issued under the authority recommended in this report will be used to finance capital expenditures that have been incurred or committed for approved projects. Authority of up to \$500 million for City purposes is being recommended in order to maintain flexibility and the ability to finance:

- a. capital expenditures that were previously approved but not yet permanently financed, and;
- b. debenture requirements as contained in the Budget Committee Recommended 2009 Capital Budget and 2010-2018 Capital Plan and Forecast that will be considered by Council on December, 10, 2008.

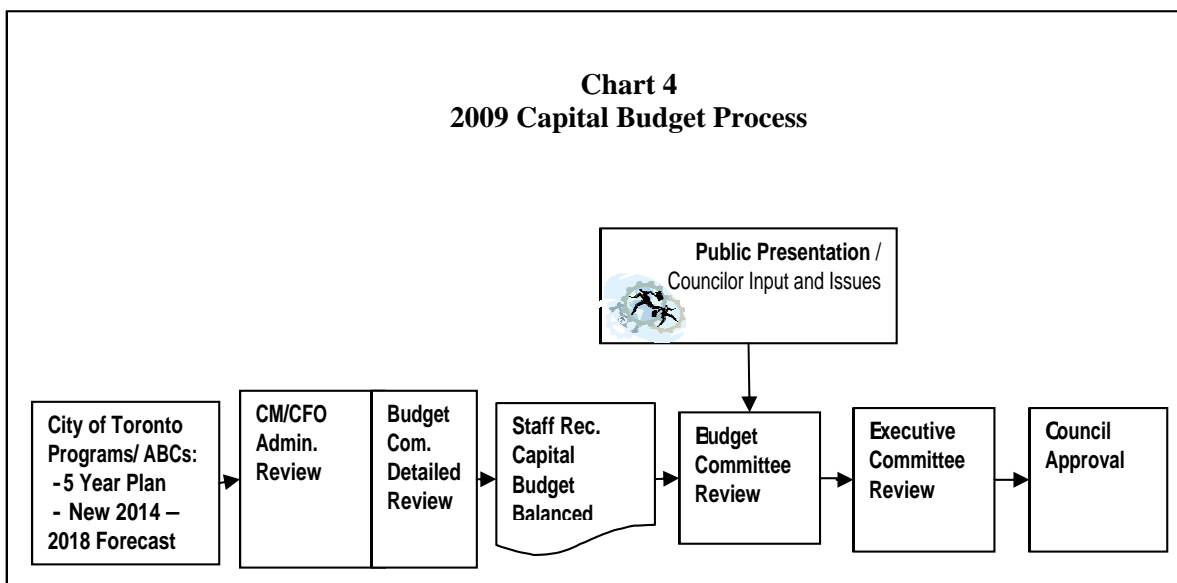
During 2008, debt totalling \$300 million was successfully issued in the capital markets with an authority to issue an additional \$200 million in 2008.

The Acting Deputy City Manager & Chief Financial Officer confirms that borrowing \$240 million to fund 2009 capital expenditures: (i) can be financed by the issuance of debentures with terms that do not exceed 10 years; and, (ii) is within the City's updated Debt and Financial Obligation Limit. The Acting Deputy City Manager & Chief Financial Officer further confirms that funds are available from the other funding sources identified in the Budget Committee Recommended 2009 Capital Budget.

COMMENTS

The 2009 Capital Budget Process

Chart 4 below illustrates the City of Toronto Capital Budget Process. The Capital Plan and Forecast details capital projects for City assets required to deliver the services and service levels needed by the citizens of Toronto over a 10-year period, and shows how these projects will be funded. Beginning in 2009, and in accordance with the City's long term fiscal planning, and strategic direction, a 10-Year Capital Plan and Forecast has been



developed. The first five years will constitute the Capital Plan (with year one representing the Capital Budget), and will be a firm Capital Plan as was established in 2008. The second five years will be the Capital Forecast which will be presented to Council for approval in principle only. Starting in 2009, a firm 10-year Capital Plan and Forecast will be submitted for full approval.

Key elements of this Capital Budget process include the following:

- The Executive Committee and the Mayor establishes priorities and provides upfront directions and guidelines which set the framework for staff to develop a balanced capital budget, plan and forecast that implement Council's strategic policy agenda; aligns resources to priorities; is based on sound financial management principles; and, meets prescribed budgetary targets.
- The City Manager, and Acting Deputy City Manager and Chief Financial Officer review submissions by City Programs, Agencies, Boards and Commissions to ensure compliance with budget policies, Council directions and priorities and that the proposed projects within the multi-year Capital Plan and Forecast are final and ready to proceed.
- The Budget Committee performs detailed reviews of individual City Programs and ABCs' capital budgets, plans and forecasts to confirm that Executive Committee's guidelines and directions are met.
- On behalf of the Executive Committee, the Budget Committee holds formal meetings to hear public presentations and to receive input from councillors on issues they may raise, and where warranted, recommends amendments to the staff recommended capital budget, plan and forecast.
- The Budget Committee recommends a 2009 - 2013 Capital Plan and the 2014 - 2018 Proposed Capital Forecast to the Executive Committee. At a minimum, the 10-year Capital Plan and Forecast must strategically align resources to Council and the Mayor's priorities; highlight expected results and outcomes; and confirm recommended financial strategies.
- The Executive Committee reviews the Capital Budget, Plan and Forecast to ensure that they address major fiscal and policy issues and confirms the budget as a strategic financial plan that will implement Council policies and priorities, and meet community service demands.
- On behalf of the Executive Committee, the Mayor presents the Recommended 2009 Capital Budget and 2010 - 2013 Capital Plan, and 2014 - 2018 Proposed Capital Forecast to City Council for approval.

To maintain the integrity of the 10-year Capital Plan and Forecast, projects are firmly placed in the year in which they will be implemented or developed. Moreover, as a policy and accountability requirement, approved capital investment and funding plans cannot be changed without explicit approval by Council. It is noted that some flexibility is provided by enabling acceleration or deferral of projects but only with the approval of Council.

Furthermore, funding associated with acceleration or deferral of specific project(s) in any year, must be fully offset by shifting another project or projects with equal value.

As an outcome of the City following the Public Sector Accounting Board standard that excludes natural assets such as trees from being treated as capital assets, capital projects for tree planting and maintenance have been removed from the capital program of Parks, Forestry and Recreation and the Exhibition Place. In effect, beginning with the 2009 Capital Budget the cost of tree planting and maintenance has been transferred from the capital budget to the operating budget. It is proposed that the amounts transferred be funded from the Environment Protection Reserve Fund. A recommendation to establish and fund this reserve fund is contained in a report entitled Administrative Amendments to Reserve Fund Accounts – 2008 Council which is on the same agenda as this report.

Carry Forward of Previously Approved Project Funding

A capital project with carry forward funding is a previously approved project for which approved capital work was not completed on schedule and the associated cash flow budget was not fully spent and / or committed in the year of approval and, therefore, the unspent amount, or a portion thereof, is required in future years to complete the project. Key elements of the carry forward policy include the following:

- Cash flow funding approval will continue to exist for one fiscal year subsequent to the year in which the project / sub-project funding was approved. In effect, City Programs and ABCs will be allowed to carry forward unspent funds for capital projects / sub-projects for a period of one year subsequent to the year of original approval;
- Carry forward funding requests for projects approved in the previous fiscal year will not form part of the budget year's debt affordability targets. However, Council approval to carry forward the unspent amount must be obtained in order to establish spending authority;
- Where a project is not completed and approved funds are still not fully spent by the end of the second fiscal year, any carry forward funding request will be treated as new and any further spending / funding request will form part of that year's debt affordability targets;
- Change in cash flows and / or project costs that change the scope of projects will not constitute carry forward funding, under the premise of this policy. Change in Scope projects are to be considered new capital projects requiring new funding authority;
- During the capital budget process, City Programs and ABCs will conduct a complete review of all previously approved projects to determine their completion status. Projects that will not be completed by the end of the current fiscal year should be identified for carry forward spending approval in the next fiscal year; and,
- On a project / sub-project basis, the carry forward cash flow amount will not exceed the difference between actual expenditures and the approved cash flow. Carry forward funding requests included in capital budget submissions are initially based on

projected actual expenditures to year-end. Therefore, during the capital budget review process, and again as part of the First Quarter Capital Variance Report of the budget year, City Programs and ABCs will be permitted to update their carry forward requirements.

City Manager and Acting Deputy City Manager & Chief Financial Officer Review

To ensure compliance with capital directions, guidelines and policies, the Mayor and Executive Committee guidelines and direction including compliance with debt targets, the City Manager (CM) and Acting Deputy City Manager and Chief Financial Officer (ADCM & CFO) reviewed the capital submissions from City Programs and ABCs and recommended a 10-year Capital Plan and Forecast to the Budget Committee. The CM and ADCM & CFO reviews focussed on the following:

- Ensuring that assigned debt affordability targets were met and where required, taking appropriate corrective action.
- Confirming that the capital plans achieved the objective of maintaining existing assets in a state of good repair (SOGR) and that reasonable and targeted investment in service improvement and growth projects to achieve the Mayor and Council's priorities were made.
- Ensuring that available resources are utilized to mitigate SOGR backlog and to ensure that risks associated with delayed maintenance of the City's aging infrastructure are minimized.
- Evaluating assumptions and rationale used to confirm that projects included in the capital plan satisfy key Council priorities; and the extent to which needs analysis, effective scheduling, and ability to spend were factors influencing project prioritization;
- Ensuring that cost-shared partnerships were explored in order to leverage capital program spending;
- Assuring that challenges and risks to effective and sustainable delivery of services and service levels were appropriately addressed; and,
- Evaluating operating impacts to ensure reasonableness and that the operating budget is not unduly burdened.

City Programs and ABCs exercised due diligence in developing effective capital plans and forecast. Despite major capital spending needs, excluding TTC, City Programs and ABCs achieved their debt target. In general, capital plan and forecast submissions complied with guidelines, focussed on maintaining existing infrastructure and included strategic investments in service improvement and expansion projects in order to satisfy growth demands without compromising the health and safety of the public. As a direct result of significant investment in capital infrastructure over the 2009 – 2018 Capital Plan and Forecast the SOGR backlog will be stabilized.

Budget Committee Recommended 2009 - 2013 Capital Plan, and Proposed 2014 - 2018 Capital Forecast

The Budget Committee Recommended 2009 - 2013 Capital Plan and Proposed 2014 - 2018 Capital Forecast satisfies Council's policy agenda, is fiscally responsible and focuses on infrastructure rehabilitation. It places priority on projects that protect the health and safety of citizens, meet legislated requirements, and those that maintain the City's infrastructure and physical assets in a state of good repair to support cost-effective service delivery. Balancing the extensive capital maintenance needs of the City's massive and aging infrastructure against demands for new investments to satisfy the service and service level requirements of a growing community and emergent priorities continue to be a challenge. This is particularly difficult in the fiscally constrained environment that confronts the City. Nevertheless, the recommended 2009 - 2013 Capital Budget and Plan and 2014 - 2018 Proposed Capital Forecast strategically addresses these competing demands.

The BC Recommended Capital Budget, Plan and Forecast achieves the following objectives:

- Focuses spending on maintaining and protecting the City's infrastructure in order to ensure that services demanded by the citizens of Toronto will be delivered in a sustainable manner in the long term.
- Reduces the state of good repair backlog which stabilizes in 2012 and continues to be constrained during the remaining term of the 10-year Capital Plan and Forecast.
- Eliminates new debt requirement for City operations beginning in 2013 as a direct result of increasing capital from current funding by 10% annually, utilizing the personal vehicle tax revenues to fund major road repairs and related services, and securing increased partnership funding from Federal and Provincial governments.
- Aligns new investments with the Mayor and Council's policy agenda and priorities.

The 2009 - 2013 Recommended Capital Plan and 2014 - 2018 Proposed Capital Forecast includes reasonable investment in service expansion and growth projects that are critical to the achievement of key priorities such as making a safe city safer, building a clean, green and beautiful waterfront, and making Toronto a transit friendly city.

The Budget Committee Tax Supported Recommended 2009 - 2013 Capital Budget and Plan, and Proposed 2014 - 2018 Capital Forecast total \$17.350 billion (excluding 2008 carry forward projects) as shown in Table 4 below. Including the Spadina Subway Extension and transit City, the TTC accounts for more than one half of the 10-year capital spending plan. As indicated in Table 4, the Recommended TTC 2009 - 2013 Capital Plan and Proposed 2014 - 2018 Capital Forecast for TTC (inclusive of Spadina Subway Extension and Proposed Transit City Plan) is \$9.697 billion or 56% of the City's 10-year capital spending plan; while Transportation Services represents \$2.420 billion or 14% of

	2009 Capital Budget				2009 - 2013 Capital Plan				2009 - 2018 Capital Plan and Forecast			
	Gross	Debt / CFC	Target	Over / (Under) Target	Gross	Debt / CFC	Target	Over / (Under) Target	Gross	Debt	Target	Over / (Under) Target
Citizen Centred Services 'A'	138	62	62	(0)	613	333	335	(2)	1,146	733	709	24
Citizen Centred Services 'B'	361	190	190	0	1,648	1,038	1,038	0	2,946	2,145	2,140	5
Internal Services	146	54	55	(2)	710	250	250	0	1,335	506	457	49
Other City Programs	76	33	35	(3)	653	131	131	0	849	241	238	3
Total City Operations	721	338	342	(5)	3,624	1,752	1,754	(2)	6,276	3,625	3,544	81
ABCs Excluding TTC	134	62	73	(11)	691	385	384	1	1,375	812	747	65
Total Tax Supported Excl. TTC	855	400	415	(16)	4,315	2,137	2,138	(1)	7,651	4,437	4,291	146
TTC Conventional	675	124	200		4,416	1,608	983	625	7,107	2,381	1,955	
Total Before Spadina Subway and Transit City Plan	1,530	524	615	(92)	8,731	3,745	3,121	625	14,758	6,818	6,246	572
Spadina Subway Extension	89				2,125			0	2,573			
Transit City Plan	17				17			0	17			
Total	1,636	524	615	(92)	10,873	3,745	3,121	625	17,348	6,818	6,246	572

the total capital spending plan. Between them, TTC and Transportation Services comprise approximately 70% of the 2009 – 2018 Capital Budget, Plan and Forecast capital expenditures.

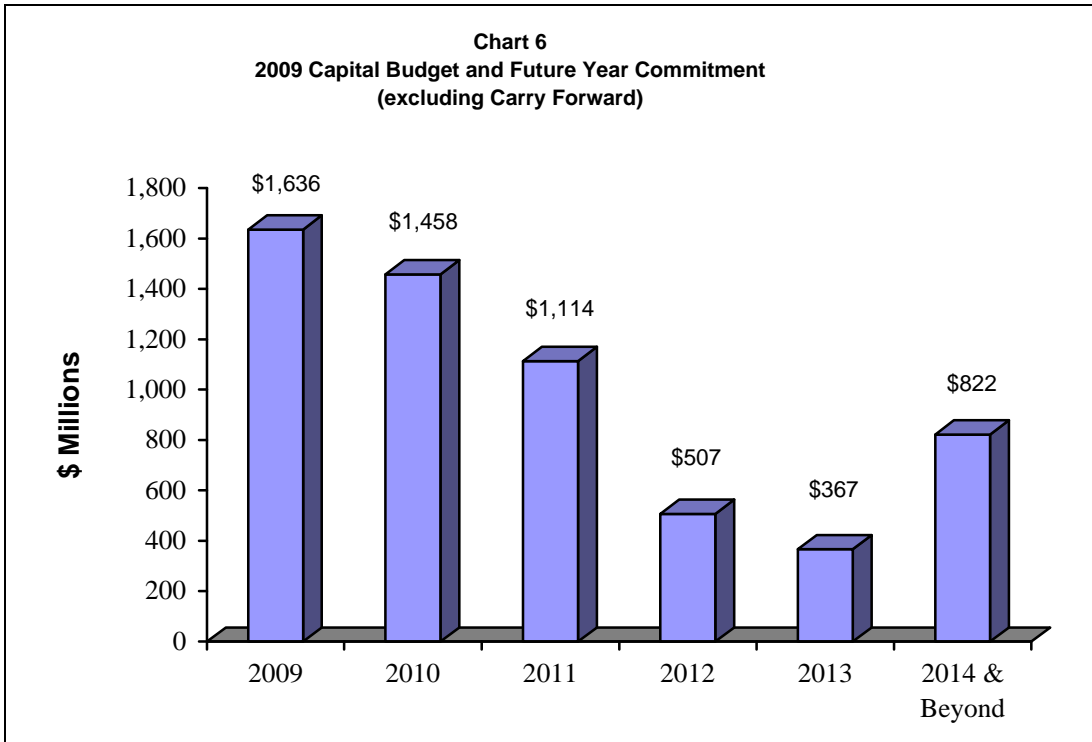
2009 BC Recommended Capital Budget by Major Program

Chart 5 below illustrates the BC Recommended Tax Supported 2009 Capital Budget of \$1.636 billion by major Program and ABC. TTC (inclusive of Spadina Subway Extension and Transit City Plan) represents approximately one-half of the 2009 Capital Budget, followed by Transportation Services which accounts for 16%. With a substantive increase in its debt affordability target, Parks, Forestry and Recreation's 2009 Capital Budget accounts for 5% of the total Capital Budget. This allocation is generally consistent over the 10-year planning horizon.

Recommended 2009 Capital Budget and Future Year Commitments

Approval of the Budget Committee Recommended 2009 Capital Budget (excluding 2008 carry forward projects) will require the following 2009 cash flow and future year cash flow commitments: \$1.636 billion in 2009; \$1.458 billion in 2010; \$1.114 billion in 2011;

\$507.1 million in 2012; and \$366.8 million in 2013 and \$821.5 million in 2014 and beyond for a total of \$5.904 billion (see Chart 6).



Recommended 2009 Capital Budget Including Carry Forward Funding

In accordance with the City’s Carry Forward Funding Policy, financing to continue work on 2008 projects that were not completed as planned, require Council approval and are included in the recommended 2009 cash flow. A key element of the carry forward policy discussed earlier, prescribes that:

Cash flow funding approval will continue to exist for *one fiscal year* subsequent to the year in which the project / sub-project funding was approved. In effect, City Programs and ABCs will be allowed to carry forward unspent funds for capital projects / sub-projects for a period of one year subsequent to the year of original approval, after which they become part of the debt target.

Cash flow requirements for 2008 capital projects that were not completed as planned and for which work must continue in 2009 totals \$284.658 million. In summary, the 2009 Recommended Cash Flow of \$1.920 billion is comprised of funding for the following: 2008 Carry Forward projects of \$284.658 million; New and Change in Scope projects of \$596 million; and, Previously Approved projects of \$1.040 billion, see Table 5 below.

State of Good Repair SOGR) Backlog

Managing the significant accumulated SOGR backlog is a key capital budgeting priority and policy objective. The City's expansive infrastructure is aging which places a huge burden on its limited own-source revenues to ensure that assets are kept in good repair.

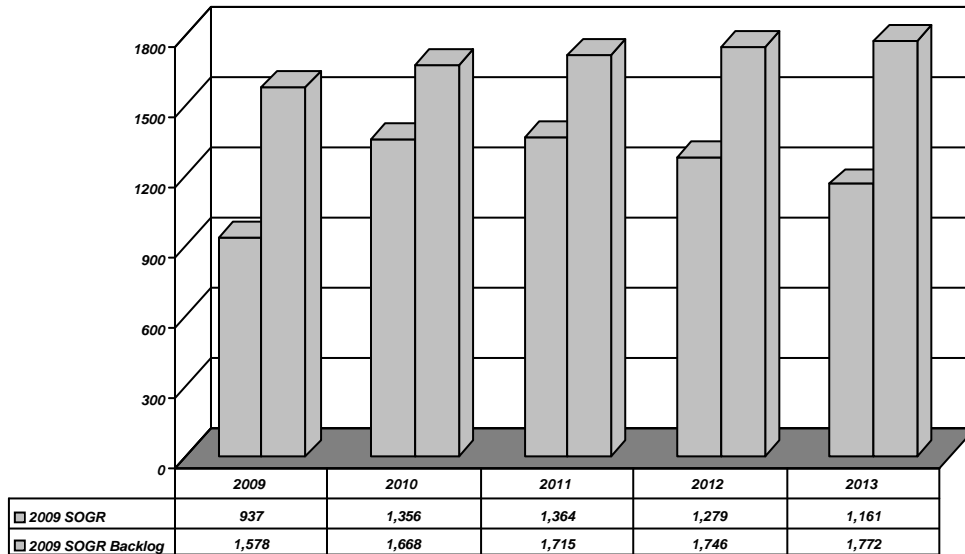
Programs / ABCs	2008 Council Approved Cash Flow	2009 BC Recommended Cash Flow				Total 2009 Cash Flow
		2008 Carry Forward Funding	2009 Capital Budget		2009 Capital Budget	
			New and Change in Scope Projects	Previously Approved Projects		
Citizen Centred Services 'A'	114	38	90	48	138	176
Citizen Centred Services 'B'	337	66	189	171	360	426
Internal Services	118	19	81	65	146	165
Other City Programs	52	10	34	42	76	86
Agencies, Boards and Commissions - before TTC	112	27	99	35	134	161
Total City Operations Before TTC	733	160	493	361	854	1,014
Toronto Transit Commission	717	124	103	678	782	906
Total - Tax Supported Program	1,450	284	596	1,040	1,636	1,920

Neglecting to maintain the City's infrastructure on a timely basis invariably leads to higher rehabilitation, restoration and replacement costs to taxpayers in the future.

As evident in Chart 7, SOGR backlog continues to increase despite annual SOGR spending of approximately \$1.219 billion. It is estimated that SOGR backlog will increase to \$1.772 billion at the end of 2013 – an increase of \$194 million or 12%. However, the rate of growth in backlog has decreased by 3% when compared to the increase forecasted in the 2008 – 2012 Capital Plan.

The City needs sustainable and predictable funding to invest in capital maintenance and replacement in order to restore its infrastructure to the desired state of good repair. Limited own source revenues prevents the City from fully addressing the SOGR backlog and growth-related infrastructure demands alone. It is noted that additional new debt issuance is not a tenable option due to the structural fiscal deficit that confronts the City. Increasing new debt would increase debt service costs thereby exacerbating the significant annual operating budget pressure. The City will continue to ensure that available resources are used effectively to ensure that the highest priority and most urgent capital maintenance projects proceed and that risks of further deterioration of the existing infrastructure are mitigated.

**Chart 7
2009 – 2013 Backlog versus State of Good Repair Spending
(\$ Million)**

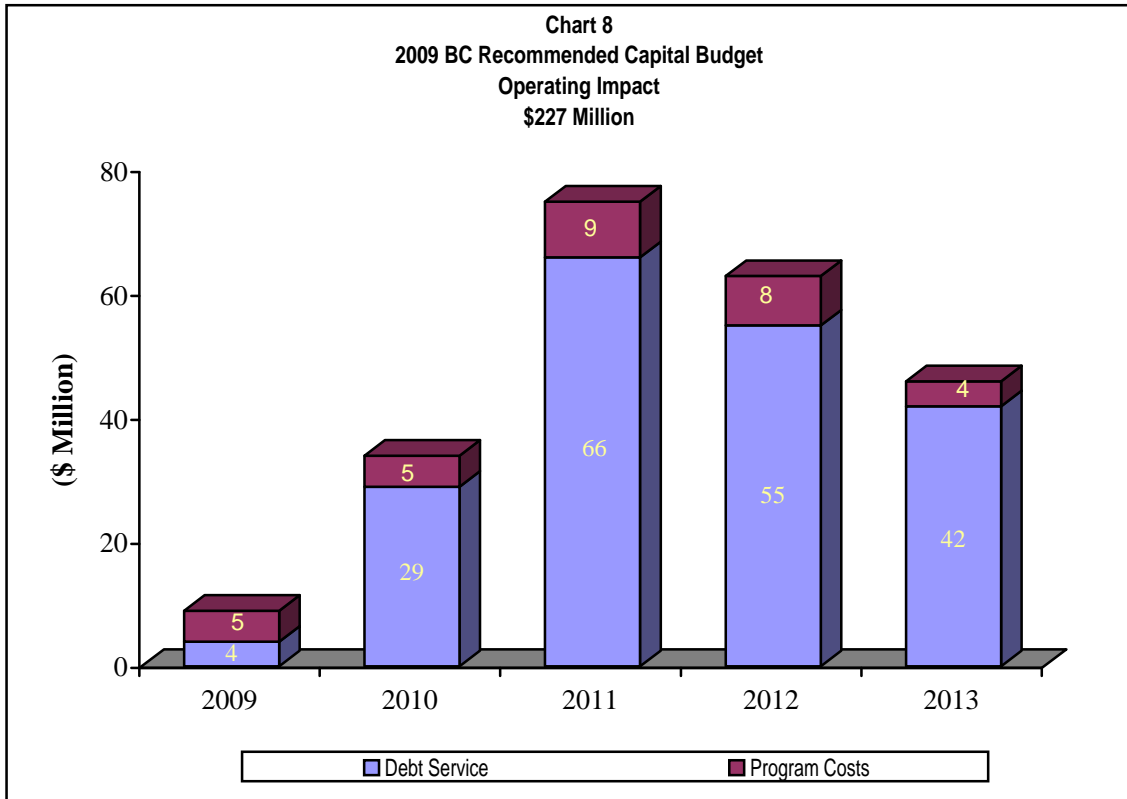


Incremental Operating Impacts

As an integral part of the annual capital budget process, the cost impact on the operating budget of each project over its life is evaluated. The objective of this evaluation is to ensure that all operating cost increases associated with the Capital Budget, Plan and Forecast are both accurate and affordable, and to factor these cost increases in the annual operating budget and forecasts. Similarly, by operating savings arising from the completion of capital projects also captured. Capital projects tend to impact the operating budget in the following ways:

- i. Principal repayment and interest payments on debt issued to finance the capital program;
- ii. Increased operating costs including ongoing maintenance and operating costs for new infrastructure, or change or expanded facilities;
- iii. Efficiency savings from capital investments that reduce operating costs; and,
- iv. Direct contributions from the Operating Fund to finance pay as you go capital projects thereby reducing the annual borrowing requirements.

The incremental impact (including debt services charges) of the BC Recommended 2009 Capital Budget and 2010 to 2013 Capital Plan, on the Operating Budget totals \$227 million (see Chart 8). Annual operating impacts range from a low of \$9 million in 2009 to a high of \$75 million in 2011. Incremental debt service charges, which represent interest



and principal repayment on new debt, total \$196 million while incremental increases to Program costs are estimated at \$31 million. Program costs will be included in the operating budget of the impacted City Programs and ABCs; while debt service costs will be included in the City’s Capital and Corporate Financing account in the Non-Program Operating Budget.

Strategic Priorities – Project Highlights

The following highlights key projects to be delivered to meet City priorities recommended in the 2009 Capital Budget and 2010 – 2013 Capital Plan with some extending into the 2014 – 2018 Capital Forecast period. These projects listed provide indication of the project deliverable / outcome, delivery date, project cost and 2009 cash flow.

Public Works & Infrastructure

The City has an extensive and aging infrastructure which has to be managed effectively to ensure that the services required by its citizens continue to be provided. To ensure that the City’s infrastructure is maintained in a state of good repair, the 2009 – 2013 Capital Budget and Plan will:

- Maintain 420 kilometres of roads; rehabilitate 80 bridges and structures in a safe and hazard-free state and to minimize life cycle costs of the assets (2009 \$173.193 M, 2009 – 2013 \$836.679 M).

- Construct an underpass to eliminate the Dufferin Street Jog creating a regular intersection to facilitate existing and future area traffic operations (2009 \$24.770 M, 2009 – 2013 \$26.270 M).
- Complete Morningside Avenue/Finch Avenue East grade separation to improve safety and reduce delays to traffic at the railway crossing (2009 \$4.150 M).

Public Safety and Emergency Services

Quality and effective emergency services and public safety constitute a major demand of the citizens of Toronto. To this end, the 2009- 2013 Capital Budget and Plan will:

- Replace 11 and 14 Division Police stations by 2011 and 2012 respectively (2009 \$3.272 M, 2009 – 2013 \$61.502 M).
- Construct 3 ambulance stations at Bathurst & York Downs, Chaplin Crescent and McCowan & Sheppard (2009 \$3.303 M, 2009 – 2013 \$5.628 M).
- Improve Emergency Services communications across Emergency Medical Services, Police Services and Fire Services (2009 \$2.000 M, 2009 – 2013 \$69.500 M) and complete Central Ambulance Communication Centre (2009 \$0.600 M).
- Restore Beaches Heritage Fire Hall and Training Facility, complete Toryork Maintenance Facility and begin design of Station D at Midland & Eglinton (2009 \$4.373 M, 2009 – 2018 \$24.984 M).

Transit

A major priority of Council is to make Toronto a city that moves people by transit. The 2009 - 2013 Capital Budget and Plan will:

- Purchase 360 new subway cars (60 train sets) to replace existing subway cars which will also increase capacity by 10% with delivery to start by 2010 (2009 \$105.945 M, 2009 – 2013 \$728.481 M).
- Deliver 130 new replacement buses for a total of 410 new buses to be purchased by 2014 (2009 \$93.256 M, 2009 – 2013 \$282.6 M).
- Purchase 204 low floor accessible Light Rail Vehicles to replace existing streetcar fleet plus 21 growth cars with delivery to start in 2010 (2009 \$81.261 M, 2009 – 2013 \$656.025 M).
- Continue construction of Islington subway station and an interregional bus terminal at Kipling station which will be shared with GO Transit and Mississauga Transit (2009 \$14.841 M, 2009 – 2013 \$30.702 M).
- Complete St. Clair West dedicated transit way (2009 \$14.983 M, 2009 – 2013 \$14.983 M).
- Install state-of-the-art signaling systems on the Yonge - University - Spadina subway line as well as power and communications requirements and safety upgrades (2009 \$73.685 M, 2009 – 2013 \$442.940 M).

- Continue construct Bus Rapid Transit way (BRT) from Downsview to York University and continue development of a BRT via Yonge Street from Finch station to Steeles Ave. (2009 \$12.209 M, 2009 – 2013 \$40.256 M).

Public Spaces

The City is investing in public spaces that are developed and maintained in a clean and beautiful condition for the general community. The 2009 - 2013 Capital Budget and Plan will:

- Revitalize Nathan Phillips Square to make it more open, exciting and useable for large public events. The project includes energy retrofits, a green roof, and the implementation of a winning design to reconfigure the square (2009 \$6.219 M, 2009 – 2013 \$38.492 M).
- Complete Bloor Street transformation road and pedestrian improvements from Church to Avenue Road (2009 \$12.000 M).
- Improve Public Spaces across the City via the Civic Improvement Initiative (2009 \$3.967 M, 2009 – 2013 \$13.446 M).
- Continue implementation of Waterfront Renewal, focussing 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 (2009 \$36.300 M, 2009 – 2013 \$161.200 M).
 - Complete Port Union and Mimico Parks (2009 \$1.700 M, 2009 – 2013 \$10.300 M).
 - Complete Fort York Pedestrian Bridge (2009 \$2.000 M, 2009 – 2013 \$17.000 M).
 - Complete EAs on the Gardiner Expressway (2009 \$5.000 M, 2009 – 2013 \$10.000 M).
 - Develop the Central Waterfront Public Realm (2009 \$11.500 M, 2009 – 2013 \$29.800 M).
- Design and construct of the Union Station Subway Platform upgrade to create a multi-modal transportation and retail destination, including the replacement of the pedestrian bridge along Front Street, exterior façade repairs, the installation for deep lake cooling and improvements to transit areas (2009 \$0.000, 2009 – 2013 \$53.400 M).

The Environment

City Council's continued leadership in environmental stewardship while achieving the City's infrastructure maintenance and development objectives is evidenced through funds for projects included in the 2009 - 2013 Capital Budget and Plan that will:

- Complete the Bike Plan - construct 410 KM of bicycle lanes, 122 KM of shared roadways and 83 KM of off road paths in 2009 – 2013 on various streets throughout the City (2009 \$7.990 M, 2009 – 2013 \$70.290 M).
- Continue the Green Fleet Initiative to lower emissions and save fuel, using innovative green technology (2009 \$0.899 M, 2009 – 2013 \$2.899 M).
- Implement the world-leading Sustainable Energy Action Plan to cut greenhouse gas emissions (2009 \$22.200 M, 2009 - 2013 \$103.772 M).

Community and Recreation Services

The City offers programs and services that improve the quality of life of all its citizens and ensures opportunity for all. To contribute to the Community and Recreation Services goals the 2009 – 2013 Capital Budget and Plan include projects that will:

- Construct the following four Community Centres (2009 \$17.100 M, 2009 – 2013 \$57.300 M):
 - Complete Jenner Jean-Marie Community Centre additional space in 2009 (2009 \$2.000 million).
 - Start construction on the Edithvale (2009 - \$11.000 M, 2010 - \$15.000 M), York (2009 - \$3.900 M, 2010 - \$12M, 2011 - \$10.5 M), and Railway Lands (2009 -\$0.200 M, 2010 - \$7 M, 2011 - \$6.700 M), with planned openings in 2010, 2011, and 2011 respectively.
 - (2009 \$11.000 M, 2010 - \$15.000 M), York (2009 \$3.900 M, 2009 – 2013 \$26.4 M) and Railway Lands Community Centres for planned opening in 2010 (2009 \$0.200 M, 2009 – 2013 \$13.900 M).
- Increase SOGR funding for Long-Term Care Homes to ensure safe and comfortable living (2009 \$7.600 M, 2009 – 2013 \$34.300 M).
- Perform safety retrofits on 2 Toronto Island Ferries over 2 years (2009 \$2.500 M, 2009 – 2013 5.000 M).
- Construct the following three Child Care Centres adding 174 spaces (2009 \$3.886 M, 2009 – 2013 7.151 M):
 - Thornecliffe Park (56 spaces by 2009, \$1.123 M)
 - Chester Le (66 spaces by 2010, \$1.563 M)
 - St. Andrews (52 spaces by 2010, \$1.200 M)
- Develop a web based client solution to access Ontario Works on-line applications including income and change forms (2009 \$0.600 M, 2009 – 2013 \$1.800 M).
- Begin construction of the West Waterfront (2009 \$0.736 M, 2009 – 2013 \$7.420 M) and Scarborough Centre Neighbourhood (2009 \$0.180 M, 2009 – 2013 \$8.229 M) Libraries that will open to the public by 2011 and 2012 respectively.
- Begin renovation and expansion of the St. Lawrence Neighbourhood Library (2009 \$0.227 M, 2009 – 2013 11.098 M) and the Malvern District Library (2009 \$1.069 M, 2009 – 2013 \$2.250 M).

- Begin installation of self service check-out system, with no operating costs, in 9 libraries in order to increase hours of operation by 67.5 per week in 2009 (2009 \$1.860 M, 2009 –2013 \$6.600 M).
- Complete construction of the 129 Peter Street Shelter and Referral Centre with 40 beds to open in 2009 (2009 \$0.947 M).
- Add six new court rooms to reduce wait times for people with parking tickets and other fines (2009 \$2.365 M).
- Begin Delivery of Infrastructure for Regent Park Revitalization:
 - Replace Regent Park Child Care Centre (32 spaces, 2009 \$1.250 M)
 - Start work on the Main Park and Community Centre (2009 \$0.500 M , 2009 – 2013 27.250 M)
 - Roads / Sewer Infrastructure - various (2009 \$0.000 M, 2009 – 2013 \$2.761 M)
- Projects moving forward in 2009 as part of the Partnership Opportunities Legacy (POL) Fund investments in Toronto’s 13 Priority Neighborhoods include:
 - Warden Woods Community Centre (2009 - \$6.3M, 2010 - \$2.549M) proceeding to the construction phase;
 - renovations at Father Henry Carr School to create a community hub (2009 - \$3.145M); and
 - the creation of additional community space in the Child Care Centre at Chester Le Public School.(2009 \$1.563M, 2010 - \$2.065M).
- Design and construction on enhanced accessibility features at subway stations (2009 \$12.722 M, 2009 – 2013 \$154.358 M).

Improve Public Service

Residents will be provided with direct and simple access to City staff and services. The 2009 – 2013 Capital Budget and Plan will:

- Launch of 3-1-1 call centre, which will go live, phase 1, in June of 2009 taking Solid Waste, Transportation and Water calls 24 hours a day to give citizens one number to contact the City for general information or request non-emergency City services (2009 \$9.236 M, 2009 – 2013 \$13.970 M).
- Continue to develop a Performance-Based Planning and Budgeting System for City-wide use in 2011 (2009 \$5.826 M, 2009 – 2013 \$9.865 M).

Toronto Parking Authority – 2009 - 2013 Capital Plan and 2014 – 2018 Proposed Capital Forecast

The Budget Committee Recommended 2009 Capital Budget, 2010 - 2013 Capital Plan and 2014 – 2018 Proposed Capital Forecast for Toronto Parking Authority totals \$258.092 million as shown in Table 6.

Expenditures	Capital Plan					2009 - 2013		2009 - 2018	
	2009	2010	2011	2012	2013	Total	%	Total	%
Health and Safety	2.0	0.0	0.0	0.0	0.0	2.0	1.7%	2.0	0.8%
Legislated	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0	0.0%
State of Good Repair	5.2	6.3	5.1	5.1	5.1	26.8	22.3%	51.8	20.1%
Service Improvements	16.3	12.3	16.7	11.9	11.3	68.5	57.1%	138.7	53.7%
Growth Related	4.5	0.0	4.0	3.5	10.6	22.6	18.9%	65.6	25.4%
Total Expenditures	27.9	18.6	25.8	20.5	27.0	119.8	100%	258.1	100.0%
Funded By:									
Retained Earnings	25.0	18.4	16.9	18.4	25.7	104.4	87.1%	229.6	89.0%
Other	3.0	0.2	8.9	2.1	1.3	15.5	12.9%	28.5	11.0%
Total Funding	27.9	18.6	25.8	20.5	27.0	119.8	100.0%	258.1	100.0%

The 10-year Capital Plan and Forecast is primarily funded from the Authority's future retained earnings or prior years surpluses, which accounts for approximately 89.0% or \$229.642 million with the remaining 11.0% or \$28.450 million funded from Reserve Funds and other sources of financing such as the proceeds from the sale of air rights. Funding for the 2009 Recommended Capital Budget; 2010-2013 Recommended Capital Plan; and, 2014-2018 Proposed Capital Forecast balances infrastructure renewal needs for state of good repair; service improvement; and, growth projects. Funding is also required for health and safety projects.

As indicated in Table 6 above, 53.7% or \$138.700 million of the TPA 2009 – 2018 Capital Plan and Forecast is allocated to service improvement projects; 25.4% or \$65.600 million allocated to growth projects; 20.1% or \$51.762 million allocated to state of good repair projects; and, 0.8% of \$2.030 million allocated to health and safety

projects. The Toronto Parking Authority does not have a significant state of good repair backlog. The backlog, estimated at \$6.080 million at the beginning of 2009, will be fully addressed by 2013.

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ATTACHMENTS

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| Appendix 1 (i) | BC Recommended 2009 - 2013 Capital Budget and Plan, and Proposed 2014 - 2018 Capital Forecast by Program – Excluding 2008 Carry Forward |
| Appendix 1(ii) | BC Recommended 2009 - 2013 Capital Budget and Plan, and Proposed 2014 - 2018 Capital Forecast by Program and Financing Sources – Excluding 2008 Carry Forward |
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Appendix 3(iv)	BC Recommended 2009 Capital Budget and Future Year Commitments by Program and Financing Sources – Previously Approved
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