



## STAFF REPORT ACTION REQUIRED

### Operating Budget Impacts of New Waterfront Infrastructure

<b>Date:</b>	October 2, 2007
<b>To:</b>	Executive Committee
<b>From:</b>	Deputy City Manager, Cluster B Deputy City Manager and Chief Financial Officer
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2007\Cluster B\WF\ec07005.doc

### SUMMARY

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The purpose of this report is to estimate the Operating Budget impacts that will result from the development of new or improved infrastructure and public spaces by Waterfront Toronto. The City will be responsible for owning, operating and maintaining much of this new infrastructure - roads, water and waste water systems, transit, parks, public spaces and community facilities. Operating and maintenance costs and projected revenues through fees and subsidies have been estimated. Taxation revenues from new development are also discussed.

The program most impacted by waterfront renewal is Parks, Forestry and Recreation over the review period of 2007 to 2021. Estimates to date are based on current information for projects that are to be completed to 2011, and less detailed information for projects initiated from 2012 to 2016.

A Waterfront parks operations and maintenance funding strategy based on a consultant study commissioned by Waterfront Toronto is currently being developed by the City and Waterfront Toronto, and will be the subject of a further report to Council in 2008. Findings from the consultant's study are summarized in this report.

Waterfront renewal is a 30-year initiative. As a result it is recommended that staff update operating impact projections and report every two years on their impact on City Agencies, Boards, Commissions and Divisions (ABCDs), with the first updated report in 2009.

## **RECOMMENDATIONS**

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The Deputy City Manager whose responsibilities include Waterfront Revitalization and the Deputy City Manager and Chief Financial Officer recommend that:

1. The operating impacts of waterfront revitalization as identified in this report be referred to the Budget Committee for consideration during the 2008 and future years budget processes;
2. The Waterfront Project Director and the General Manager of Parks, Forestry and Recreation, in consultation with the Deputy City Manager and Chief Financial Officer and Waterfront Toronto, report to Executive Committee in 2008 on the preferred approach to implementing recommendations contained in the Waterfront Parks Operations and Maintenance Strategy Study;
3. The Deputy City Manager whose responsibilities include Waterfront Revitalization and the Deputy City Manager and Chief Financial Officer report every two years, commencing in 2009, with updated information and projections on the operating impact of waterfront renewal on all impacted City Agencies, Boards, Commissions and Divisions; and
4. The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

### **Implementation Points**

Information in this report will assist short and longer term financial planning for both the operating and capital budget processes. Staff will update bi-annually the operating impact of waterfront renewal, which will enable staff to refine projections as additional information on this 30-year initiative becomes available.

Findings from the consultant study on the Waterfront Parks Operations and Maintenance Strategy are summarized in this report. City staff, in consultation with Waterfront Toronto, will report to Executive Committee in 2008 on the preferred approach to implementing recommendations contained within this Strategy.

### **Financial Impact**

The cumulative incremental gross cost to the City over the 15 year period for all impacted programs is estimated at \$324.1 million. Estimated revenue collected by programs from user fees and subsidies (excluding tax revenues) is estimated at \$117.3 million. The majority of revenue will be generated by TTC, Children's Services, Solid Waste and Toronto Water. This results in a total net operating impact of \$206.8 million to the City (excluding tax revenues) by 2021.

A preliminary forecast of cumulative incremental City tax revenues for the West Don Lands and East Bayfront suggests additional tax revenues by 2021 of approximately \$185.4 million.

The impact of new waterfront parks and public realm will begin most significantly in the 2007 to 2011 period. Estimates indicate that the Parks, Forestry and Recreation program may require in the order of \$23.7 million for increased operating costs by 2011. This is largely driven by the construction of Don River Park, Mimico Park, the Port Lands Transition Sports Fields, Leslie Greening, Tommy Thompson Park, Sherbourne Park and progress on the Central Waterfront public realm. Parks, Forestry and Recreation is preparing Business Cases for 2008 for Mimico, Central Waterfront (Spadina Slip), and Waterfront Planning, Design and Development that total \$0.55 million based on actual construction progress by Waterfront Toronto.

## **DECISION HISTORY**

In December 2005 City Council considered the 2006 Capital Budget and the 2007-2010 Capital Plan for the Waterfront Revitalization Initiative. Council requested the Deputy City Manager whose responsibilities include Waterfront Revitalization and the Deputy City Manager and Chief Financial Officer to report to Budget Advisory Committee on the process to identify operating budget impacts to City ABCDs resulting from the approval of the 2006 Waterfront Capital Budget and Five-Year Capital Plan.

In July 2006 Council adopted the report, Toronto Waterfront Revitalization Initiative Five-Year Business Plan/Ten-Year Forecast, which outlined among other things, the reporting process. Staff advised that a report would be submitted in 2007.

## **ISSUE BACKGROUND**

The annual Waterfront Capital Budget and the Five-Year Business Plan/Ten-Year Forecast provide the financial framework and phasing for the implementation of municipal transit, infrastructure and development in the West Don Lands and East Bayfront precincts, and early development of parks and public space in the Port Lands and Central Waterfront.

Transfer of the new Waterfront infrastructure – roads, water and waste water systems, transit, parks, public spaces and community facilities – to the City when complete will result in increased operating budget costs for City ABCDs.

The City has increased the Parks, Forestry and Recreation Operating Budget by \$0.23 million to address Waterfront Toronto parks and public realm projects completed in 2005 and 2006. The legacy of waterfront planning will be defined by how these new parks, community centres and open spaces are maintained and operated once complete.

Planning at the outset for sustainable operational funding practices will prevent deterioration of the capital investments made in the new public space system.

## **COMMENTS**

### **Process**

The Deputy City Manager responsible for Waterfront Revitalization and the Deputy City Manager and Chief Financial Officer established the Operating Budget Impacts Steering Committee, which included the General Managers/Executive Directors of all impacted programs. The Committee adopted a terms of reference and work plan and created cross-divisional work groups to fully analyze the impact of waterfront revitalization on municipal operations from both a revenue and expense perspective.

Work groups received updated infrastructure phasing, design and capital cost information from Waterfront Toronto and used this information to project the financial impacts of operating and maintaining this infrastructure on individual ABCDs. New or increased revenues that could be generated by each program as a result of the new infrastructure and the incremental property tax revenues resulting from new development and increased property values were also projected. Finally, the impact of waterfront renewal on the City's long-term operating budget forecast was projected.

Given the Waterfront Toronto development strategy of “leading with landscape” – using new and improved parks and public spaces to attract private investment – the City program most impacted by waterfront renewal is Parks, Forestry and Recreation. As a result, Waterfront Toronto commissioned a study of alternative funding mechanisms for parks and public spaces. Findings from this study, which are summarized in this report, will be used to develop a funding strategy for the ongoing operation and maintenance of waterfront parks and public spaces.

### **Summary of Findings**

The operating impact of Waterfront Revitalization from 2007 to 2021 is summarized in Table One. The timeframe reflects the period required to build out both the West Don Lands and East Bayfront, and to advance various parks and public realm improvements in the Central Waterfront, Port Lands, Port Union and Mimico.

The cumulative incremental gross costs over the 15 year period for all impacted programs are estimated to be \$324.1 million while estimated revenues collected by programs from user fees and subsidies (excluding tax revenues) are estimated at \$117.3 million. This results in a cumulative incremental net operating impact of \$206.8 million (excluding tax revenues) by 2021.

A preliminary forecast of incremental City tax revenues for the West Don Lands and East Bayfront suggests cumulative incremental tax revenues to 2021 of approximately \$185.4

million. This estimate includes an adjustment to reflect the impact of the City's Solid Waste User Rate system. It must be noted that not all of these taxes will necessarily be available to address waterfront infrastructure operating impacts. It should be noted that the tax revenue estimates may not be fully realized, as a portion likely will be impacted by the Community Improvement Plan to be implemented in the waterfront and by the piloting of Tax Increment Financing in the East Bayfront and West Don Lands.

The estimated cumulative incremental net operating cost estimates exceed the preliminary estimated tax revenues from 2007 to 2021 by \$21.4 million.

**Table 1**  
**Estimated Cumulative Incremental Costs and Revenues, 2007-2021**

	<b>Estimates (\$ millions)</b>
Cumulative Incremental Gross Cost Estimates	324.1
Cumulative Incremental Revenue Estimates (excluding taxes)	(117.3)
Cumulative Incremental Net Cost Estimates	206.8
Cumulative Incremental Estimated Tax Revenues	(185.4)
Net less Tax Revenues	21.4

Table Two below illustrates the same data but in five year intervals.

**Table 2**  
**Estimated Cumulative Incremental Costs and Revenues – 5 Year Intervals**  
**Estimates (\$ millions)**

	<b>2007-2011</b>	<b>2012-2016</b>	<b>2017-2021</b>	<b>2007-2021</b>
Estimated Gross Costs	33.8	117.5	172.8	324.1
Estimated Revenues (excluding taxes)	(4.6)	(41.6)	(71.1)	(117.3)
Net Cost Estimates	29.2	75.9	101.7	206.8
Estimated Tax Revenues	(8.8)	(53.9)	(122.7)	(185.4)
Net less Tax Revenues	20.4	22.0	(21.0)	21.4

## Summary of Operating Impacts on Individual Programs and TTC

Table Three illustrates the cumulative incremental operating costs (tax revenues excluded) incurred by individual programs and TTC from 2007 to 2021 in descending order.

**Table 3**  
**Estimated Cumulative Incremental Net Operating Costs by Program/Agency**  
**2007-2021**

<b>Program/Agency</b>	<b>Net Operating Impact (\$ millions)</b>
Parks, Forestry, Recreation	140.7
Children's Services	20.8*
TTC	19.2
Toronto Library	14.2
City Planning, Toronto Building, Transportation Services, Social Development, Finance and Administration, Economic Development, Culture and Tourism	11.9
Solid Waste Management	Revenue Neutral
Toronto Water	Revenue neutral
<b>Total</b>	<b>\$206.8</b>

\*Assumes Province of Ontario revenues which would be subject to provincial approval.

### Parks, Forestry and Recreation

The cumulative incremental net operating cost of \$140.7 million estimated for Parks, Forestry and Recreation is a significant impact on the City's operating budget. The impact of new parks and public realm will begin in the 5 year period from 2007 to 2011, with estimates indicating that the program may require in the order of \$23.7 million by 2011 to fund incremental operating costs. This is largely driven by the construction of Mimico Linear Waterfront Park, the Port Lands Transition Sports Fields, Leslie Greening (Phase 2), Don River Park, Tommy Thompson Park, Sherbourne Park and progress on the Central Waterfront public realm.

Parks, Forestry and Recreation estimates include costs for initiatives launched and in many cases completed by 2011. The estimates use a 5% of capital cost as a benchmark to project annual operating and maintenance costs for individual parks and public spaces. Projects that begin from 2011 to 2016 for which there are only approximate capital costs are also included, but the estimates will require refinement as detailed design advances.

Projects anticipated post 2016 are not included as Waterfront Toronto does not have capital cost projections or project phasing information at this time.

The majority of lands slated for parks and open space use have a history of industrial use. Many sites will require the City to follow the MOE process for a Record of Site Condition (RSC) and have Certificates of Property Use (CPU) registered on title. As such, the City will have an obligation to manage long-term environmental monitoring programs as required by the MOE. It is premature to provide an accurate estimate of the operating impact associated with long-term environmental monitoring, however, it is important to note that these costs are likely to be significant. This will be addressed in 2008 when staff report back with strategies for mitigating the operating impacts on the Parks, Forestry and Recreation portfolio.

### Emergency Medical Services and Fire Services

Emergency Medical Services and Fire Services expect to service the West Don Lands and East Bayfront from existing stations until 2012. The Port Lands Implementation Strategy, prepared by Waterfront Toronto, contemplates an 18,000 sq. ft. EMS facility in the Port Lands. It is anticipated that a Port Lands Southeast emergency response centre and garage facility will be completed by 2016 and a Commissioners Street Fire Station by 2018. Operating cost impacts on Fire and Emergency Medical Services will be reported once precinct planning for the Port Lands is completed. However, Emergency Medical Services staff have advised that a preliminary analysis of an EMS Southeast emergency response centre and associated costs for Toronto EMS would be \$19.9 million by 2021. Fire Services has provided a preliminary estimate of \$12.5 million as a cumulative operating impact for the Commissioners Street fire station over the time period 2018 to 2021.

More detailed information on costs, revenues, and on technical and financial assumptions is provided for each program and TTC in the Appendix.

### **Status of Revenues Analysis**

Typically, the incremental tax revenues generated as a result of a redevelopment is sufficient to fund the City's additional operating costs resulting from redevelopment. This is especially the case if a significant portion of the redevelopment is commercial or industrial.

A preliminary forecast of City tax revenues for the West Don Lands and East Bayfront suggests cumulative incremental tax revenues by 2021 of \$185.4 million. These revenues have been applied against the estimated operating budget impacts as illustrated in Tables One and Two. Operating cost estimates exceed tax revenues from 2007 to 2016, but as development proceeds to full build out from 2017 to 2021, tax revenues begin to exceed estimated net operating costs.

A number of factors, however, create uncertainty with respect to the magnitude of tax

revenues available to mitigate the operating impact of Waterfront Revitalization in East Bayfront and West Don Lands. Specifically, it is expected that a portion of tax revenues will be used to provide incentives through a Community Improvement Plan to developers or end users to encourage green development and attract employment uses. The value of incentives is currently under review and will be the subject of a report to Council in 2007/2008.

In addition, West Don Lands and East Bayfront have been approved by the Province as one of two pilot areas for Tax Increment Financing. As a result, and pending Council approval later in 2007, a portion of future incremental tax revenues, including those revenues collected by the Province for education purposes, will be monetized to fund the City's capital investment in these precincts. It may be in the City's interest to maximize the portion of the incremental tax revenues allocated towards this plan as it will leverage a contribution of education taxes by the Province. Further analysis of this opportunity cannot be undertaken until the details of the Province's Tax Increment Financing Regulations and the structure of its proposed Tax Increment Financing Contribution Agreements are known.

### **Consultant Study: Alternative Financing to Operate New Parks and Public Spaces**

In its 2005-06 Business Plan, Waterfront Toronto noted that the number of new parks and public spaces would likely require a parks endowment fund to support ongoing maintenance and operations, given the higher level of design anticipated for these spaces.

At its meeting of January 23, 2007, the Parks and Environment Committee recommended that the General Manager, Parks, Forestry and Recreation report on the establishment of a maintenance fund for parks developed by Waterfront Toronto.

As a result of the above, the City and Waterfront Toronto are currently investigating alternative revenue sources to mitigate the impact of operating and maintaining new waterfront parks and public spaces on City budgets. A study commissioned by Waterfront Toronto has been completed by HR&A Inc. that examines a variety of revenue generation strategies. Its objectives were to:

- verify or suggest modifications to the methodology used by the City to estimate waterfront parks maintenance costs, based on a survey of work completed to date and comparable projects in other jurisdictions;
- assess potential operational and governance models to expedite receiving funds from a range of sources and dedicating them to parks operations;
- define the range of potential revenue sources for parks operations and maintenance and prepare a preliminary revenue generation estimate for each of these sources.

The study noted that planning and budgeting for operations and maintenance is a critical component of parks and public realm stewardship. On a present value of cost basis, operations and maintenance costs for the first 20 years of park operation can exceed the initial capital investment. The study confirmed that a "percent of capital" benchmark, a



method employed by the City in calculating the operating impact of new waterfront parks and public realm, is the most appropriate approach in a planning situation where there is a wide range of costs.

After a review of the funding structures and operations of comparable parks in other jurisdictions, however, the study recommended an expanded definition for Total Operations and Maintenance costs to include capital maintenance costs. To accommodate these costs in the estimation of alternative revenue requirements, the study recommended that a range of 7-10% of the initial capital costs be employed to estimate annual operations and maintenance costs. The 7-10% benchmark components include 4-5% for operations and routine maintenance, 1-2% for programming, and 2-3% for capital maintenance/state of good repair. This recommendation considered the higher level of design, materials and structures contemplated for waterfront parks, new sustainability technologies, environmental remediation and monitoring requirements and the impact of waterfront locations on parks wear and tear. It is consistent with the approach taken by Parks, Forestry and Recreation in projecting the impact of waterfront parks on the City's operating budget. In this case, Parks, Forestry and Recreation used a 5% benchmark for operations and routine maintenance (it should be noted that the costs of long term monitoring of environmental remediation for new parks have not yet been determined).

Addressing capital costs associated with parks maintenance/state of good repair is beyond the scope of this report, which is focused on operating budget implications, but will be considered when staff report back on strategies for mitigating Parks, Forestry and Recreation costs.

After confirming annual cash requirements, the Study proceeded to assess various options for generating the funds required to support parks and public spaces in the Waterfront on an ongoing basis. Six main revenue sources were identified and examined:

- property tax revenues;
- non-property tax sources available through the new City of Toronto Act;
- on-site earned income, such as user fees, concessions and event fees;
- revenues from private development of adjacent property;
- private philanthropy and sponsorship;
- support from government partners.

In addition to the revenue sources listed above, further options must be reviewed. For example, earmarking a percentage of waterfront funds allocated by the government partners to developing waterfront parks for an operating and maintenance endowment fund must be explored. City staff, with Waterfront Toronto, is assessing options and will report back in 2008.

#### Implications of HRA Study for Parks, Forestry and Recreation

A comparison of the City estimates of \$140.7 million to 2021 for operations and maintenance only, and the HR&A approach which added capital maintenance

requirements to projected costs, is illustrated in Table 4.

Projections show that the inclusion of capital maintenance/state of good repair results in cumulative incremental net costs to 2021 of \$224.1 million at 7% of capital benchmark, and \$320.5 million at 10% of capital benchmark.

**Table 4 - Comparison of Estimated Net Costs**  
**Operating Only Compared to Operating and Capital Maintenance**

(\$ millions)

<b>% of capital benchmark</b>	<b>5%</b>	<b>7%</b>	<b>10%</b>
Cumulative Incremental Net Costs 2007 to 2021	140.7	224.1	320.5

This projection emphasizes the need for proactive planning to address for the operating and capital maintenance needs of the new waterfront parks and public realm systems. As these spaces are constructed and begin operations, staff will be able to monitor and track how actual costs compare to the ranges identified in the consultant's study.

In addition to the required operations and maintenance funding, staff must explore a mechanism through which annual contributions to a parks capital reserve fund can be made to ensure that capital funding is in place for required state of good repair of the new waterfront parks.

#### Next Steps Regarding HR&A Study

Based on the consultant analysis, a combination of the revenue sources identified would be required to effectively address the operations, maintenance and capital maintenance requirements, with any annual shortfall being made up from the City tax base. The Waterfront Secretariat, Waterfront Toronto, City Finance and Parks, Forestry and Recreation staff continue to review the study's findings to determine how best to proceed with some or all of its recommendations. As a result, it is recommended that staff report back on a preferred funding strategy and on any required implementation mechanisms in 2008.

#### **Conclusions**

The City will be responsible for owning, operating and maintaining new waterfront infrastructure, including roads, water and waste water systems, transit, parks and public realm, and community facilities. For the period 2007 to 2021 operating and maintenance costs, fee and subsidy-based revenues, and preliminary taxation revenues have been projected.

The cumulative incremental gross costs over the 15 year period for all impacted programs are estimated to be \$324.1 million, while estimated revenues collected by programs from user fees and subsidies (excluding tax revenues) are estimated at \$117.3 million. This results in a cumulative incremental net operating impact of \$206.8 million (excluding tax revenues) by 2021.

Preliminary cumulative incremental tax revenues for the East Bayfront and West Don Lands are estimated at \$185.4 million. Estimated cumulative incremental net operating impacts are projected to exceed preliminary estimated tax revenues from 2007 to 2021 by \$21.4 million.

The program most impacted by waterfront renewal is Parks, Forestry and Recreation, with cumulative incremental net operating impacts of \$140.7 million from 2007 to 2021. City staff, in consultation with Waterfront Toronto, will report to Executive Committee in 2008 on the preferred approach to mitigating the operating impacts of this program.

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## **SIGNATURE**

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## **ATTACHMENTS**

Appendix One - Corporate Summary Roll up of Operating Budget Impacts

Appendix Two - Program Summaries

## APPENDIX 1

Inflation has been applied to all estimates at the rate of 3% for salary and 1.9% for non-salary items, unless otherwise specified.

### Waterfront Revitalization Operating Budget Impacts - Cumulative Incremental Net Impact (\$000s)

Program:	2007	2008	2009	2010	2011	Total 2007-2011
<b>Net</b>						
City Planning	\$0.0	\$0.0	\$25.5	\$51.9	\$52.9	\$130.3
Children's Services	\$0.0	\$0.0	\$0.0	\$310.9	\$342.7	\$653.6
Economic Dev, Culture & Tourism	\$0.0	\$10.2	\$20.8	\$31.7	\$43.1	\$105.8
Library	\$0.0	\$0.0	\$86.9	\$89.3	\$91.8	\$268.0
Parks, Forestry & Recreation	\$231.1	\$1,018.8	\$5,909.2	\$8,173.0	\$8,397.8	\$23,729.9
Social Development, Finance & Admin	\$0.0	\$0.0	\$0.0	\$0.0	\$175.0	\$175.0
Solid Waste Management	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Toronto Building	\$0.0	\$0.0	\$218.8	\$446.0	\$454.5	\$1,119.3
Toronto Water	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Transportation Services	\$0.0	\$29.4	\$109.3	\$112.0	\$156.4	\$407.1
TTC	\$0.0	\$0.0	\$0.0	\$1,379.5	\$1,210.5	\$2,590.0
Cumulative Incremental Net Exp.	\$231.1	\$1,058.4	\$6,370.5	\$10,594.3	\$10,924.7	\$29,179.0

### Waterfront Revitalization Operating Budget Impacts - Cumulative Incremental Net Impact (\$000s)

Program:	2012	2013	2014	2015	2016	Total 2012-2016	Total 2007-2016
<b>Net</b>							
City Planning	\$53.9	\$54.9	\$56.0	\$57.0	\$58.1	\$279.9	\$410.2
Children's Services	\$750.9	\$818.5	\$1,785.2	\$1,930.6	\$2,080.2	\$7,365.4	\$8,019.0
Economic Dev, Culture & Tourism	\$65.9	\$78.4	\$91.3	\$104.6	\$118.5	\$458.7	\$564.5
Library	\$94.4	\$97.0	\$99.7	\$1,801.3	\$1,850.7	\$3,943.1	\$4,211.1
Parks, Forestry & Recreation	\$8,626.7	\$8,941.3	\$10,619.9	\$10,431.1	\$12,287.2	\$50,906.2	\$74,636.1
Social Development, Finance & Admin	\$36.0	\$211.7	\$73.5	\$74.9	\$76.4	\$472.5	\$647.5
Solid Waste Management	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Toronto Building	\$463.1	\$471.9	\$480.9	\$490.0	\$499.3	\$2,405.2	\$3,524.5
Toronto Water	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Transportation Services	\$160.3	\$200.8	\$205.9	\$211.1	\$216.4	\$994.5	\$1,401.6
TTC	\$1,796.1	\$2,051.7	\$1,740.0	\$1,818.7	\$1,637.2	\$9,043.7	\$11,633.7
<b>Cumulative Incremental Net Exp.</b>	<b>\$12,047.3</b>	<b>\$13,215.7</b>	<b>\$16,045.8</b>	<b>\$16,137.7</b>	<b>\$18,020.1</b>	<b>\$75,869.2</b>	<b>\$105,048.2</b>

### Waterfront Revitalization Operating Budget Impacts - Cumulative Incremental Net Impact (\$000s)

Program:	2017	2018	2019	2020	2021	Total 2017-2021	Total 2007-2021
<b>Net</b>							
City Planning	\$59.2	\$60.3	\$61.5	\$62.7	\$31.9	\$275.6	\$685.8
Children's Services	\$2,234.5	\$2,393.3	\$2,556.9	\$2,725.5	\$2,899.1	\$12,809.3	\$20,828.3
Economic Dev, Culture & Tourism	\$132.8	\$147.6	\$162.9	\$178.8	\$195.2	\$817.3	\$1,381.8
Library	\$1,901.6	\$1,953.9	\$2,007.7	\$2,062.7	\$2,119.5	\$10,045.4	\$14,256.5
Parks, Forestry & Recreation	\$12,501.3	\$12,844.6	\$13,197.7	\$13,564.2	\$13,937.7	\$66,045.5	\$140,681.6
Social Development, Finance & Admin	\$78.0	\$79.5	\$81.1	\$82.7	\$84.4	\$405.7	\$1,053.2
Solid Waste Management	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Toronto Building	\$508.8	\$518.5	\$528.3	\$538.4	\$274.3	\$2,368.3	\$5,892.8
Toronto Water	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Transportation Services	\$277.1	\$284.2	\$291.4	\$298.8	\$306.4	\$1,457.9	\$2,859.5
TTC	\$1,654.8	\$1,450.1	\$1,612.4	\$1,329.6	\$1,536.5	\$7,583.4	\$19,217.1
<b>Cumulative Incremental Net Exp.</b>	<b>\$18,521.4</b>	<b>\$18,881.8</b>	<b>\$19,625.6</b>	<b>\$19,944.4</b>	<b>\$20,460.5</b>	<b>\$101,808.4</b>	<b>\$206,856.6</b>

## APPENDIX 2

### Infrastructure Summary and Operating Estimates by Program/Agency

#### Parks, Forestry and Recreation

The current Waterfront Toronto parks and public realm schedule, with completed and estimated completion dates is summarized as follows:

#### Waterfront Toronto Parks and Public Realm Projects Schedule

Waterfront Parks/Public Realm	Completion Date
Cherry Beach, Western Beaches Watercourse, Marilyn Bell Park Promenade, Port Union Phase 1	2006
Leslie Greening, Transitional Sports Fields, Martin Goodman Trail	2007
Cherry/Commissioners/Unwin Avenue Greening, Martin Goodman Trail Ontario Place, Mimico Linear Park	2008
Tommy Thompson Park Phase 1, Don River Park, River Square	2009
West Don Lands Recreation Centre, East Bayfront - Sherbourne Park and Water's Edge Promenade, Central Waterfront Public Realm, Lake Ontario Park Phase 1	2009 - 2010
Port Union Phase 2, Port Lands Regional Sports Complex	2010
West Don Lands Parliament Street Linear Park	2011
East Bayfront – Parliament Slip South, East Bayfront Recreation Centre, Aitken Park South	2014
East Bayfront Water's Edge Promenade (later phases), Jarvis Slip North, Aitken Park North, Parliament Street North	2015

Based on the current Waterfront Toronto capital plan for parks, community centres and public realm to 2016, the above projects are estimated to have a capital cost of \$234 million. This is the basis upon which the operating impacts have been calculated.

Projects for which there are no capital cost estimates or project design details have not been included in operating impact calculations. These include the naturalization of the Don Mouth, Commissioners Park, West Don Lands projects (Eastern Pedestrian Linkage, Trinity Square, Mill Street Pedestrian Linkage, King Street Gateway Park,

Pedestrian/Cycling Bridge across Don River), East Bayfront East, Lake Ontario Park later phases, Port Lands Precinct Local Parks, and Central Waterfront Public realm later phases.

#### Calculation of Operating Costs

Parks, Forestry and Recreation Estimated Cumulative Incremental Costs and Revenues in 5 year Intervals are summarized as follows:

#### **Parks, Forestry and Recreation Estimated Cumulative Incremental Costs and Revenues**

<b>\$ millions</b>	<b>2007-2011</b>	<b>2012-2016</b>	<b>2017-2021</b>	<b>Total</b>
Gross	24.2	52.3	68.0	144.4
Revenues	0.5	1.4	1.9	3.7
Net	23.7	50.9	66.0	140.7

To date, Parks, Forestry and Recreation has incurred increased operating costs for Cherry Beach and has received \$231,000 in increased operating funds in 2007 for the Western Beaches Watercourse, Marilyn Bell Park Promenade and Port Union Waterfront Park Phase 1, all completed in 2006, and the Transition Sports Fields (not including environmental monitoring). These costs are included in the estimation of operating impacts to 2021.

The City has projected cumulative incremental gross operating costs from 2007 to 2021 based on:

- a Waterfront Toronto schedule and capital budget of \$234 million for the projects included in the estimate;
- the application of 5% of capital construction costs for a project as a benchmark for annual operating and maintenance costs only;
- inflation.

This approach is considered reasonable in a mid to long term planning context, and has been confirmed by a separate study by HR&A Inc. The 5% benchmark is a conservative estimate that allows for the operations and maintenance of high design level/ high quality parks and public realm. It does not include capital maintenance and state of good repair costs that are part of the City's capital budget.

Specifically, operations and maintenance costs that impact the City's operating budget include: general services such as litter picking, grass cutting, garbage and recycling, maintenance of washrooms/playgrounds/pathways/wading pools/splash pads, beach

grooming, graffiti removal, park patrol, winter maintenance; horticulture services such as flowering annuals and perennial plants, shrubs and associated display areas; and soft landscaping for horticultural features, grass, and trees.

#### Revenues:

The City has calculated the revenue for Parks, Forestry and Recreation based on the current user fee schedules and historical rates of donations to the City. The cumulative incremental estimated revenues to 2021 are \$3.7 million.

#### Cumulative Incremental Net Operating Impacts:

The cumulative incremental net costs of \$140.7 million estimated for Parks, Forestry and Recreation (not including tax revenues) represent a significant potential impact on the City's operating budget. The impact of new parks and public realm will begin most significantly in the 2007 to 2011 period. Operating costs increases to 2011 are driven by the construction of Mimico Linear Park, Martin Goodman Trail, Tommy Thompson Park, the Port Lands Transition Sports Fields, Leslie Greening, Don River Park, Sherbourne Park, and progress on the Central Waterfront public realm and Lake Ontario Park.

## TTC

TTC Estimated Cumulative Incremental Costs and Revenues in 5 year intervals are summarized as follows:

#### **TTC Estimated Cumulative Incremental Costs and Revenues**

<b>\$ millions</b>	<b>2007-2011</b>	<b>2012-2016</b>	<b>2017-2021</b>	<b>Total</b>
Gross	3.6	22.6	36.0	62.2
Revenues	1.0	13.6	28.4	43.0
Net	2.6	9.0	7.6	19.2

The following projects are included in the operating impact estimates for TTC:

- a new streetcar line in the West Don Lands, along Cherry Street south from King Street by 2010;
- a new street car line in the East Bayfront, along Queens Quay East connecting to Union Station by 2011/2012.

The East Bayfront project would connect to the West Don Lands and a future Port Lands line via Cherry Street. The current operating estimates do not include the Port Lands



streetcar line at this time, as issues related to the naturalization of the mouth of the Don River must first be resolved.

Operating costs were calculated by TTC based on standard service design information, costs for service design using TTC cost factors for direct and full operating costs, and labour costs, with inflation added. Revenues were calculated based on detailed route specific ridership projections and fare level projections.

## **Solid Waste Management**

Solid Waste Management Estimated Cumulative Incremental Costs and Revenues in 5 year intervals are summarized as follows:

### **Solid Waste Management Estimated Cumulative Incremental Costs and Revenues**

<b>\$ millions</b>	<b>2007-2011</b>	<b>2012-2016</b>	<b>2017-2021</b>	<b>Total</b>
Gross	1.2	8.4	14.7	24.3
Revenues	1.2	8.4	14.7	24.3
Net	0.0	0.0	0.0	0.0

The operating estimates for Solid Waste management Services include:

- operating costs for processing, collection and start up capital costs for trucks and containers;
- the provision of service to the West Don Lands as of 2009 and the East Bayfront services as of 2010.

Operating costs were calculated based on population growth projections for the West Don Lands and East Bayfront, and Solid Waste Management cost factors for residential waste processing and collection, with inflation added. Commercial collection is not included in these estimates as it is fully recoverable.

Changes adopted by City Council in 2007 with respect to the 70% Diversion report regarding collection charges for residential waste are incorporated in these estimates, based on the review and determination of implementation schedules and collection fees by Solid Waste Management. This includes the assumption of provincial approval of legislative and regulatory changes for property tax reduction to eliminate the Solid Waste rebate, and have Solid Waste costs fully funded by the Solid Waste User Rate system.

## Transportation Services

Transportation Services Estimated Cumulative Incremental Costs in 5 year intervals are summarized as follows:

### Transportation Services Estimated Cumulative Incremental Costs

	2007-2011	2012-2016	2017-2021	Total
Gross	0.4	1.0	1.5	2.9
Revenues	0.0	0.0	0.0	0.0
Net	0.4	1.0	1.5	2.9

The following Waterfront Toronto projects are included in the operating estimates for Transportation Services:

- 8 lane km of roads in the West Don Lands precinct by 2017;
- 4 lane km of roads in the East Bayfront precinct by 2013.

The estimated operating costs are calculated based on roadway, roadside and traffic services (cleaning, repair, winter maintenance, signs, studies, etc) and are based on the estimated annual cost of \$17, 925 per lane kilometre, with inflation added. There are no revenues associated with Transportation Services.

## Toronto Water

Toronto Water Estimated Cumulative Incremental Costs and Revenues in 5 year intervals are summarized as follows:

### Toronto Water Estimated Cumulative Incremental Costs and Revenues

\$ millions	2007-2011	2012-2016	2017-2021	Total
Gross	1.5	5.6	8.6	15.7
Revenues	1.5	5.6	8.6	15.7
Net	0.0	0.0	0.0	0.0

The following Waterfront Toronto projects are included in the City operating cost estimates:

- for the West Don Lands, 5995m of watermains, 3820m of sanitary sewers and 3255m of storm sewers by 2017, plus a new storm water sedimentation tank and

outfall;

- for the East Bayfront, 1780m of watermains, 1475m of sanitary sewers and 1250m of storm sewers, plus storm water sedimentation tanks, by 2013.

Toronto Water estimates were developed based on collection and distribution costs and water and sewage treatment costs. Collection and distribution costs were calculated using the unit costs per kilometre from the Ontario Municipal Benchmarking Initiative multiplied by infrastructure length. Water and sewage treatment costs were calculated based on the average cost per population, and applied to the expected population of the West Don Lands and East Bayfront. Toronto Water estimates included an inflation factor of 3% per annum, based on the Conference Board of Canada May 2007 projected Consumer Price Index of 2.1%, adjusted to consider the unique basket of goods and relative weighting associated with the Toronto Water consumption pattern in order to provide services to the waterfront.

Toronto Water revenues reflect the water rate and the City policy of adjusting revenues to match expenditures on a City wide basis, resulting in the operating budget impacts being revenue neutral.

### **Toronto Building and City Planning**

City Planning and Toronto Building Combined Estimated Cumulative Incremental Foregone Revenues in 5 year intervals are summarized as follows:

#### **City Planning, Toronto Building Combined Estimated Cumulative Incremental Foregone Revenues**

<b>\$ millions</b>	<b>2007-2011</b>	<b>2012-2016</b>	<b>2017-2021</b>	<b>Total</b>
Foregone Revenues	(1.3)	(2.7)	(2.6)	(6.6)
Net	1.3	2.7	2.6	6.6

The operating cost estimates for Toronto Building and City Planning include estimates based on the following projects:

- 1200 units of affordable housing in the West Don Lands, for occupancy from 2009 to 2020;
- 1200 units of affordable housing in the East Bayfront, for occupancy from 2010 to 2021.

The operating cost estimates are for foregone revenues due to fees waived by the City to assist in achieving the affordable housing goals of the City and the Central Waterfront

## Secondary Plan.

Foregone revenues associated with waived Site Plan fees for affordable housing by City Planning are calculated based on the following assumptions:

- average affordable housing unit size of 93m<sup>2</sup>;
- 30 buildings built between 2009 and 2021, with 80 units of affordable housing in each;
- waived per unit fee of \$240.71, plus inflation.

Foregone revenues associated with waived building permit fees and residential unit fees are calculated based on the following assumptions:

- same assumptions as City Planning, including affordable housing unit size and development schedule;
- building permit fees of \$1578.60, residential unit fee of \$41.30, for total waived per unit fee of \$1620.06, plus inflation.

## Children's Services

Children's Services Estimated Cumulative Incremental Costs and Revenues in 5 year intervals are summarized as follows:

### Children's Services Estimated Cumulative Incremental Costs and Revenues

\$ millions	2007-2011	2012-2016	2017-2021	Total
Gross	2.4	22.7	32.8	57.9
Revenues	1.7	15.3	20.0	37.1
Net	0.7	7.4	12.8	20.8

Waterfront Toronto projects included in the operating estimates are:

- two child care centres, 72 spaces each, in the West Don Lands, one in 2009 and one in 2013;
- two child care centres, 72 spaces each, in the East Bayfront, one in 2011 and one in 2014.

Operating estimates include inflation and were calculated based on the following:

- the results of a study prepared in 2004 by GHK International for Waterfront Toronto regarding housing, community services and facilities, and a monitoring program to verify the need for the child care facilities as development proceeds;
- actual budget figures from City operated child care centres that are co-located

- with a community centre;
- an assumption that all four centres are to be municipally operated. If some centres are privately operated, City operating costs could be less.

Revenues included are primarily from provincial subsidies which will be subject to provincial approval, with a small portion from user fees and donations.

### **Toronto Library**

Toronto Library Estimated Cumulative Incremental Costs in 5 year intervals are summarized as follows:

**Toronto Library Estimated Cumulative Incremental Costs**

<b>\$ millions</b>	<b>2007-2011</b>	<b>2012-2016</b>	<b>2017-2021</b>	<b>Total</b>
Gross	0.3	3.9	10.0	14.2
Revenues	0.0	0.0	0.0	0.0
Net	0.3	3.9	10.0	14.2

The following projects are included in the operating estimates for Toronto Library:

- increased open hours beginning in 2009 at the St. Lawrence Branch to match the Branch Open Hours Vision and enhance collections to address increased population in the community as they continue to use existing facility to serve the expanding community;
- opening in 2015 of 25,000 sq. ft. district library on City-owned land, and the relocation of the existing St. Lawrence branch to this new site. Hours of service will include Sunday service and late hours.

Operating estimates are calculated based on salary and benefit costs, library materials and supplies, and inflation. There are no direct revenues applicable to those costs identified by Library staff.

### **Social Development, Finance and Administration**

Social Development, Finance and Administration Estimated Cumulative Incremental Costs and Revenues in 5 year intervals are summarized as follows:

**Social Development, Finance and Administration  
Estimated Cumulative Incremental Costs**

<b>(\$ millions)</b>	<b>2007-2011</b>	<b>2012-2016</b>	<b>2017-2021</b>	<b>Total</b>
Gross	0.2	0.5	0.4	1.1
Revenues	0.0	0.0	0.0	0.0
Net	0.2	0.5	0.4	1.1

The Waterfront Toronto schedule for the West Don Lands and East Bayfront includes provisions for community space in the West Don Lands and East Bayfront community centres, in 2009 and 2014 respectively. Operating impacts for these community centres are included in the Parks, Forestry and Recreation estimates.

Additional separate community space is planned for the West Don Lands in 2013 and for East Bayfront in 2011. Social Development, Finance and Administration has provided estimates for operating impacts for the separate community space in each precinct based on expenditures required for maintenance, building improvement, furniture and equipment for the community space, plus inflation. Other operating costs fall to the tenants through lease/service agreements with the City. There are no direct revenues specific to the operating costs identified by Social Development, Finance and Administration staff.

**Economic Development, Culture & Tourism**

Economic Development, Culture and Tourism Estimated Cumulative Incremental Costs and Revenues in 5 year intervals are summarized as follows:

**Economic Development, Culture and Tourism  
Estimated Cumulative Incremental Costs and Revenues**

<b>\$ millions</b>	<b>2007-2011</b>	<b>2012-2016</b>	<b>2017-2021</b>	<b>Total</b>
Gross	0.1	0.5	0.8	1.4
Revenues	0.0	0.0	0.0	0.0
Net	0.1	0.5	0.8	1.4

Waterfront Toronto has not prepared a schedule for public art projects that would be completed along with its infrastructure construction. The City's Culture Division maintains the City's public art collection, and City policy requires that 1% of major capital projects be spent on public art. Culture has prepared preliminary operating estimates based on the following assumptions:

- the operating impacts are for the maintenance of public art commissioned as part of waterfront infrastructure projects and turned over to Culture to maintain;
- waterfront public art projects will occur at the pace of one per year from 2008 until 2021, and will average \$10,000 per year in maintenance costs, based on current cost levels for public art maintenance;
- inflation applied.

Culture has not identified revenues that would apply to the maintenance of public art.

### **Emergency Medical Services and Fire Services**

Emergency Medical Services and Fire Services expect to service the West Don Lands and East Bayfront from existing stations until 2012. The Port Lands Implementation Strategy, prepared by Waterfront Toronto, contemplates an 18,000 sq. ft. EMS facility in the Port Lands. It is anticipated that a Port Lands Southeast emergency response centre and garage facility will be completed by 2016 and a Commissioners Street Fire Station by 2018.

Operating cost impacts on Fire and Emergency Medical Services will be reported once precinct planning for the Port Lands is completed. However, Emergency Medical Services staff have advised that a preliminary analysis of an EMS Southeast emergency response centre and associated costs for Toronto EMS would be \$19.9 million by 2021. Fire Services staff have advised that a preliminary analysis of a Commissioners Street Fire Station and associated costs for Fire Services would be \$12.5 million by 2021.