

# City of Toronto

## 2010 – 2019 Recommended Capital Budget and Plan

November 3, 2009



# Agenda

---

1. Capital Budget Strategies
2. Capital Budget Guidelines
3. 2010 Recommended Capital Budget & Plan
  - What's Being Built
4. 2010 – 2019 Recommended Capital Budget and Plan
5. Long Term Financial Strategy
  - Debt Restructuring Plan
6. Conclusion
7. Capital Budget Timelines

# Capital Budget Strategy

---

Establish a Firm 10-year Capital Plan that strategically manages City assets, is prudent and affordable:

- Renew Infrastructure to Support Service Delivery
- \$25.7 billion Tax and Rate Capital Program spending to protect and create 300,000 jobs
- Make Targeted Investments for Planned Growth
- Maximize value of City assets
- Manage debt to mitigate burden on Operating Budget

# Capital Budget Guidelines

## 2010 – 2019 Capital Budget and Plan – Instructions and Guidelines

---

- Ensure that debt targets are met in each year of the 10-year planning period
- Consider no new major initiatives that impact City debt
- Highest priority is to complete:
  - projects delayed by the labour disruption
  - ISF and RInC projects
- Identify major operating impacts of capital projects
  - key consideration for the 2010-2012 period



# 2010 – 2019 Capital Budget and Plan – Instructions and Guidelines

---

- Limit debt use to fund long-term capital improvements
- Allocate available funds in the following priority order:
  - Completion of ISF and RInC projects in 2010 & 2011
  - Previously approved projects already in progress, with focus on those with partnership/other government funding
  - Health and Safety, Legislated and State of Good Repair (SOGR) projects
  - Service Improvement and Growth projects
- Balance maintaining existing City assets in a SOGR while addressing service gaps and priorities city wide

# Economic Stimulus Program

---

- Implement ISF and RInC projects as highest priority for 2010 and 2011
- Substantially complete ISF and RInC projects by March 31, 2011
- Staff to facilitate implementation by streamlining purchasing and administrative process
- Working Group coordinated by CMO to meet monthly to facilitate implementation of ISF and RInC projects
- Meet quarterly reporting requirement of Federal and Provincial partners

# **Capital Budget & Plan**

## **- What's Being Built**



# Transit

- Purchase **360 new subway cars** (60 train sets) to replace existing subway cars and increase capacity by 9% starting in 2010 (2010 \$217.573 million, 2010 – 2019 \$631.436 million)
- Acquire **390 new buses** to improve service by 2015 (2010 \$72.078 million, 2010 – 2019 \$230.745 million)
- Purchase **204 low-floor, accessible Light Rail Vehicles** to replace existing streetcar fleet (2010 \$68.306 million, 2010 – 2019 \$1,167.920 million)
- Develop the **Union Station Subway Platform upgrade** (2010 - \$7.542 million, 2010 – 2014 \$51.114 million)
- Continue construction of the **Sheppard East LRT Transit City line** (2010 \$163.879 million)



## Transit (Continued)

- Progress **Easier Access program** to construct and enhance accessibility features, and to make the TTC fully accessible by 2025 (2010 \$18.445 million, 2010 – 2019 \$267.237 million)
- Continue construction of a **Bus Rapid Transit (BRT)** corridor from Downsview Station to York University (2010 \$1.296 million, 2010 – 2019 \$5.915 million)
- Continue installation of state-of-the-art **signaling systems on the Yonge-University-Spadina line** to increase train capacity by allowing trains to run more frequently and closer together (2010 \$49.479 million, 2010 – 2019 \$342.267 million)
- Continue construction of an interregional bus terminal at **Kipling Station** (2010 \$5.685 million)



## Public Works & Infrastructure

- Maintain **800 km of roads, rehabilitate 150 bridges and structures** in a safe and hazard-free state, and **minimize life-cycle costs of assets** over a 10 year period (2010 \$178.758 million, 2010 – 2019 \$1.552 billion)
- Eliminate the **Dufferin Street Jog** by creating a regular intersection, which will facilitate existing and future area traffic operations (2010 \$1.5 million)
- Redevelop **Six Points Interchange** to simplify the road network, create a more attractive and safe environment for pedestrians and cyclists, and improve access to the **Kipling Subway Station** (2015-2019 \$41.548 million)



# Public Safety and Emergency Services

---

- Construct new **Police Stations**, including 11 Division by 2011, 14 Division by 2012, and a Property and Evidence Storage facility by 2013 (2010 \$47.263 million, 2010 - 2019 \$95.73 million)
- Implement new **Radio Communication system** for Police, EMS and Fire Services (2010 \$28.0 million, 2010 – 2012 \$69.25 million)
- Complete restoration of **Beaches Heritage Fire Hall**; begin development of **Station D** at Midland & Eglinton; and acquire **Equipment for Heavy Urban Search and Rescue** (2010 \$4.837 million, 2010 – 2014 \$26.009 million)
- Complete the **Central Ambulance Communication Centre Re-design** (2010 \$0.3 million)
- Construct **4 ambulance stations** at Bathurst & York Downs, Chaplin Crescent, York-South Weston, and Pape Avenue (2010 \$5.712 million, 2011 \$1.669 million)



# Public Spaces

- Revitalize **Nathan Phillips Square** (2010 \$7.009 million, 2010-2012 \$28.258 million)
- Design and construct revenue and transportation enhancement projects for the revitalization of **Union Station** (2010 \$139.322 million, 2010 - 2019 \$621.541 million)



- Redevelop **St. Lawrence Market North** (2010 \$1.000 million, 2010-2014 \$74.890 million)
- Improve Public Spaces across the City as part of the **Civic Improvement initiative** (2010 \$2.140 million, 2010 - 2019 \$28.142 million)

## Public Spaces (Continued)

- Provide for infrastructure repairs and maintenance of the historical buildings at the **Black Creek Pioneer Village** and other facilities used by the public (2010 \$1.216 million, 2010-2019 \$10.288 million)
- Construct the **Fort York Visitors Centre** (2010 \$5.969 million, 2010-2019 \$18.928 million)
- Revitalize the **Guild Inn** (2010 \$0.829 million, 2010-2019 \$4.259 million)



- Refurbish the **John Street Roundhouse** (2010 \$0.643 million, 2010-2019 \$1.870 million)
- Improve **BIA Streetscapes** (2010 \$4.329 million, 2010-2019 35.503 million)



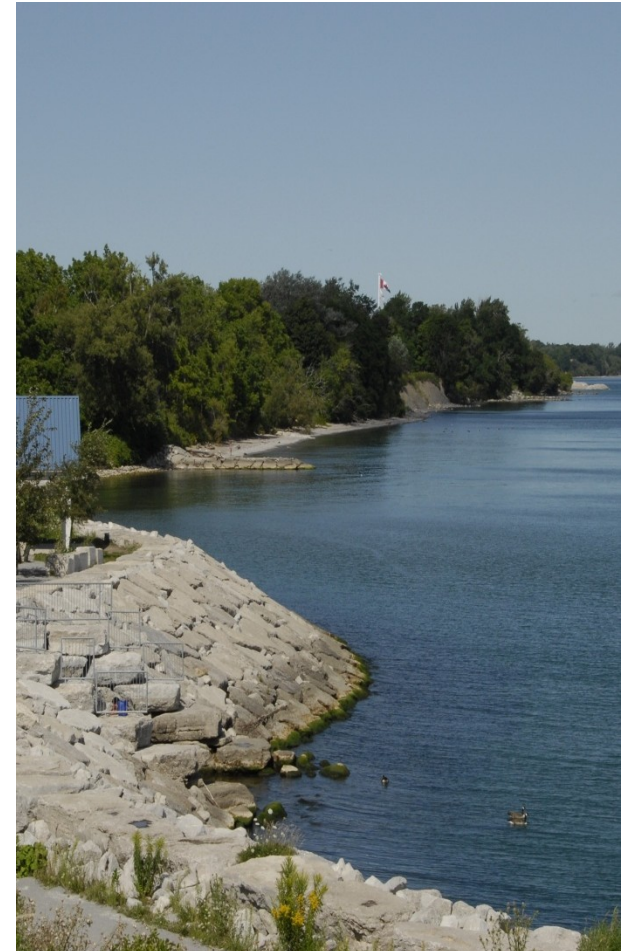
## Public Spaces – Waterfront Renewal

- Continue **waterfront regeneration efforts** through parkland and habitat creation along the Lake Ontario waterfront (with associated water quality monitoring) (2010 \$1.454 million, 2010-2019 \$13.886 million)
- Complete **Fort York Pedestrian Bridge** (2010 \$8.500 million, 2010 – 2014 \$15.000 million)
- Develop the **Central Waterfront Public Realm** (2010 \$10.702 million, 2010 – 2014 \$23.497 million)
- Develop the **Regional Sports Complex** (2010 \$8.688 million, 2010 – 2014 \$30.312 million)



## Public Spaces – Waterfront Renewal (Continued)

- Develop **West Don Lands** and **East Bayfront** precincts (2010 \$39.035 million, 2010 – 2014 \$72.204 million):
- West Don Lands:
  - Launch construction of Toronto Community Housing affordable housing and first market development
  - Substantial completion of Don River Park
  - Completion of the flood protection land form
- East Bayfront:
  - Launch construction of the George Brown College campus
  - Completion of Sugar Beach and Sherbourne Parks
  - Launch private development of Parkside and secure a development partner for Bayside



# The Environment

---

- Continue **Green Fleet initiative** to lower emissions and save fuel, using innovative green technology (2010 \$0.664 million, 2010-2019 \$5.164 million)
- Complete the **Bike Plan** - construct 380 km of bicycle lanes, 140 km of shared roadways and 80 km of off road paths throughout the City (2010 \$22.618 million, 2010 – 2019 \$123.539 million)
- Continue environmental rehabilitation through the **Toronto Remedial Action Plan** at Don, Rouge, Highland, Etobicoke - Mimico, and Humber watersheds, and along the waterfront (2010 \$2.011 million, 2010-2019 \$26.423 million)

## The Environment (Continued)

- Continue to advance the ***Sustainable Energy Action Plan*** to cut greenhouse gas emissions through projects such as energy retrofits, investment in renewable energy and loans to the MASH sector (2010 \$23.323 million, 2010-2014 \$72.485 million)



- Continue the ***HVAC and Electrical Upgrade at Old City Hall*** which will connect to Enwave's deep lake water cooling system (2010 \$1.077 million, 2010-2014 \$13.369 million)



## Community and Recreation Services

- Begin renovation of the **York Woods** (2010 \$0.51million), **Mount Dennis** (2010 \$0.107 million, 2010-2015 \$4.303 million), and **Fairview** (2010 \$0.126 million, 2010-2014 \$4.411 million) **Libraries**
- Continue installation of **Self Service Check-out System** with no operating costs in 22 libraries to increase hours of operation by 67.5 per week (2010 \$1.398 million, 2010-2012 \$4.740 million)
- Complete expansion of the **Malvern District Library** (2010 \$1.995 million)
- Continue construction of the **Scarborough Centre Neighbourhood Library** (2010 \$0.09 million, 2010-2014 \$8.772 million)
- Continue renovation and revitalization of the **Toronto Reference Library** (2010 \$8.712 million, 2011 \$4.714 million, 2012 \$4.659 million)



## Community and Recreation Services (Continued)

- Complete construction of 4 child care centres (2010 \$3.695 million, 2011 \$0.8 million): **Chester Le Child Care Centre** (66 new spaces); **St Andrew Child Care Centre** (46 new spaces); **Thorncliffe Park Child Care Centre** (42 new and 77 replacement spaces); and **Enderby Child Care Centre**
- Complete the retrofit and furnishing of **nine new/expanded offices** to manage increased social assistance caseload of 100,000 (2010 \$4.192 million)
- Redevelop **Kipling Acres** (Phase 1) to meet Provincial compliance standards (2010 \$3.072 million, 2010-2012 \$22.367 million)





## Community and Recreation Services (Continued)

- Complete construction of **Edithvale Community Centre** (2010 \$6.68 million) and begin construction of **Warden Corridor and Railway Lands Community Centres** (2010 \$6.368 million, 2010-2012 \$18.963 million)
- Construct new waterplays at the **O'Connor Community Centre, Warden Woods Community Centre** and **Totts Tot Lott Park** (2010 \$1.150 million)



- Begin construction of **Oriole Park** playground, **Earl Bales Park** playground and sensory garden and **Regent Park** pool (2010 \$8.144 million, 2010-2012 \$17.393 million)

## Community and Recreation Services (Continued)

- Perform safety retrofits on 2 **Toronto Island Ferries** (2010 \$2.500 million)
- Begin delivery of infrastructure for **Regent Park Revitalization**:
  - Start work on the **Main Park and Community Centre** (2010 \$2.3 million, 2010 – 2012 \$26.75 million)
  - Complete construction of **Regent Park Child Care Hub** (2010 \$4.318 million, 2011 \$0.54 million; 10 new and 30 replacement spaces)
  - Begin construction of the **Nelson Mandela PS Renovation** project (2010 \$0.5 million, 2011 \$2.5 million, 2012 \$0.5 million; 30 new and 48 replacement spaces)



## Improve Public Service

- Continue to develop a ***Performance-Based Planning and Budgeting System*** for City-wide use in 2012 (2010 \$4.697 million)
- Install **Self-serve Kiosk counters**, continue Phase III implementation of ***e-Service Strategic Plan*** and complete Phase II implementation of the ***311 System Development*** with the public launch scheduled for the 2nd quarter of 2010 (2010 \$2.763 million, 2010 – 2019 \$5.426 million)
- Continue the ***Environmental Report, Disclosure and Innovation project*** that will develop a Web-based system to monitor and report 25 priority chemicals used and released by targeted industries and facilities in the City of Toronto (2010 \$0.251 million, 2011 \$0.705 million)





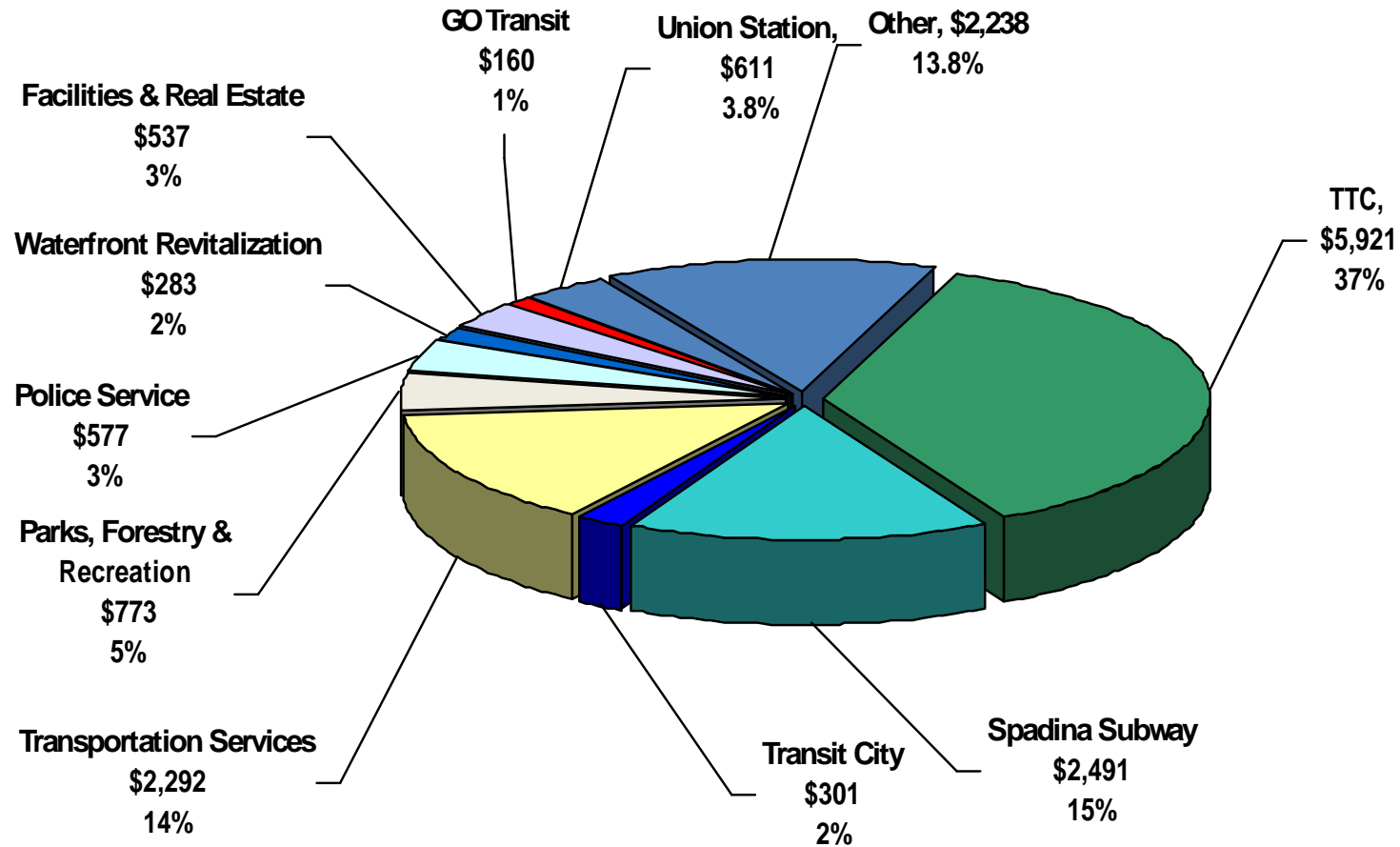
## Improve Public Service (Continued)

- Continue the ***Dental Strategy and Implementation project*** that will develop a new ***Toronto Public Health Dental and Oral Health Information System*** and integrate with the new provincial reporting system, Oral Health Information Support System (2010 \$1.379 million, 2010-2012 \$3.509 million)
- Continue work with the Province on the ***Public Health Surveillance and Management System*** project to develop a new infectious disease surveillance and management system called ***“Panorama”*** (2010 \$0.580 million, 2011 \$0.378 million)
- Continue to develop ***web-based tools*** to enable ***Ontario Works*** clients to submit applications and documents online, and to provide client services outside of the office environment by utilizing wireless/portable technology (2010 \$0.7 million, 2010-2019 \$3.5 million)



# **2010 - 2019 Recommended Capital Budget and Plan**

# 54% of the 2010 to 2019 Rec'd Capital Budget and Plan of \$16.185 Billion Allocated to Transit

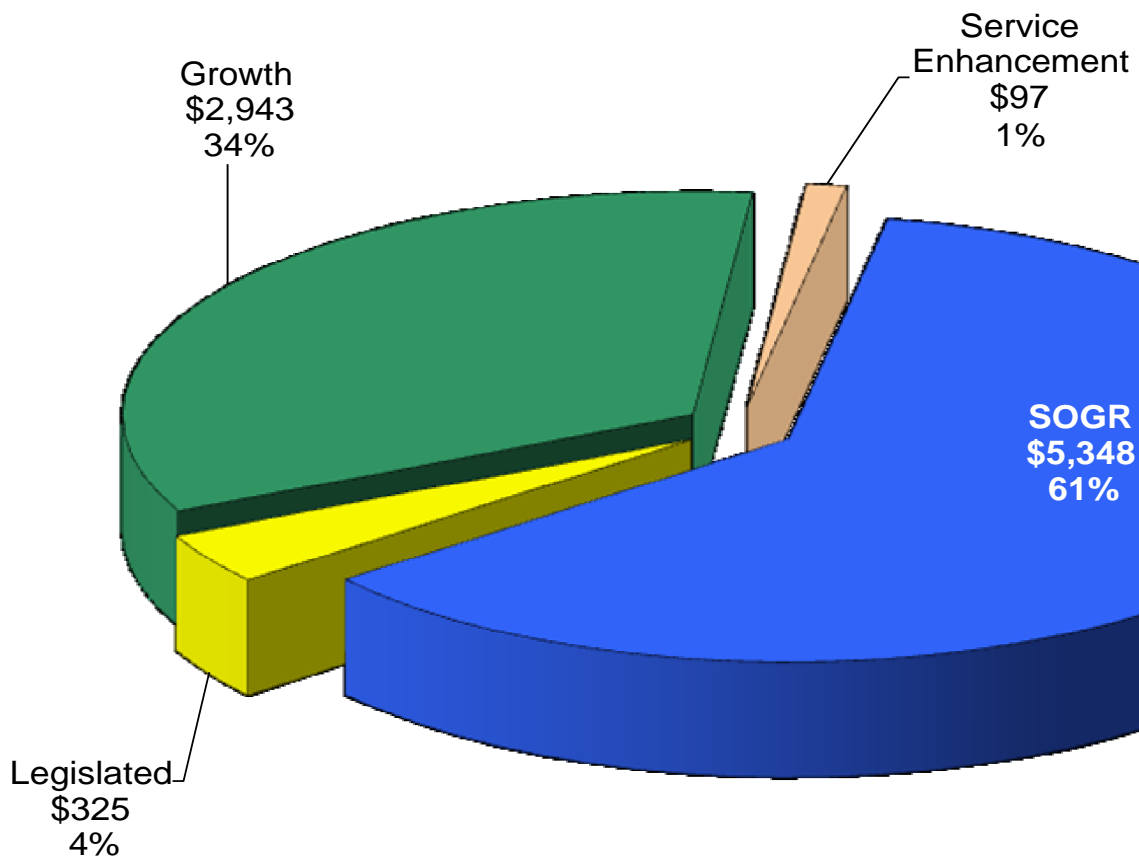




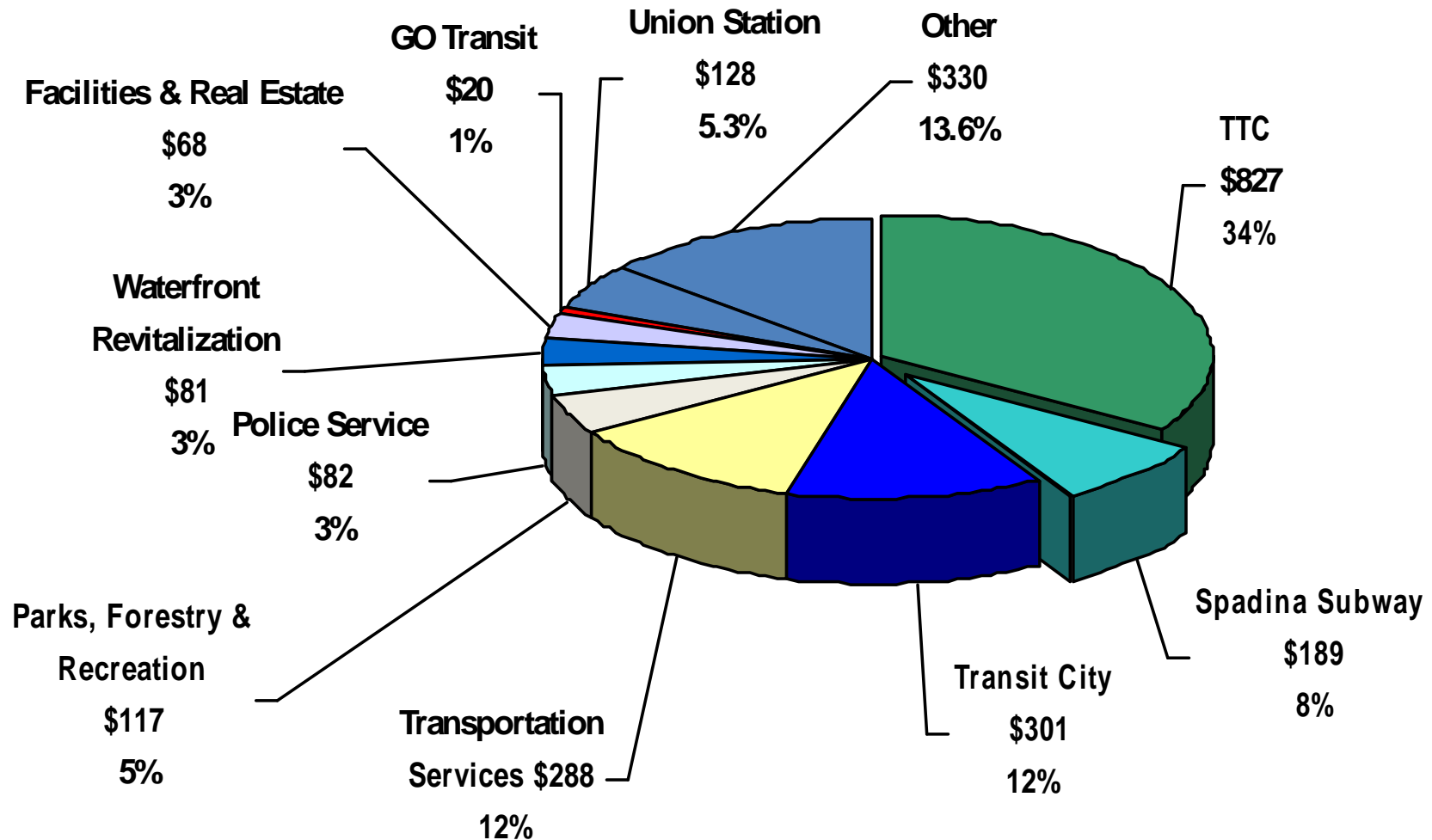
# Toronto Transit Commission

## 2010 - 2019 Capital Budget Category

Total Expenditures \$8.713 Billion



# 54% of 2010 Rec'd Capital Budget of \$2.431 Billion Allocated to Transit



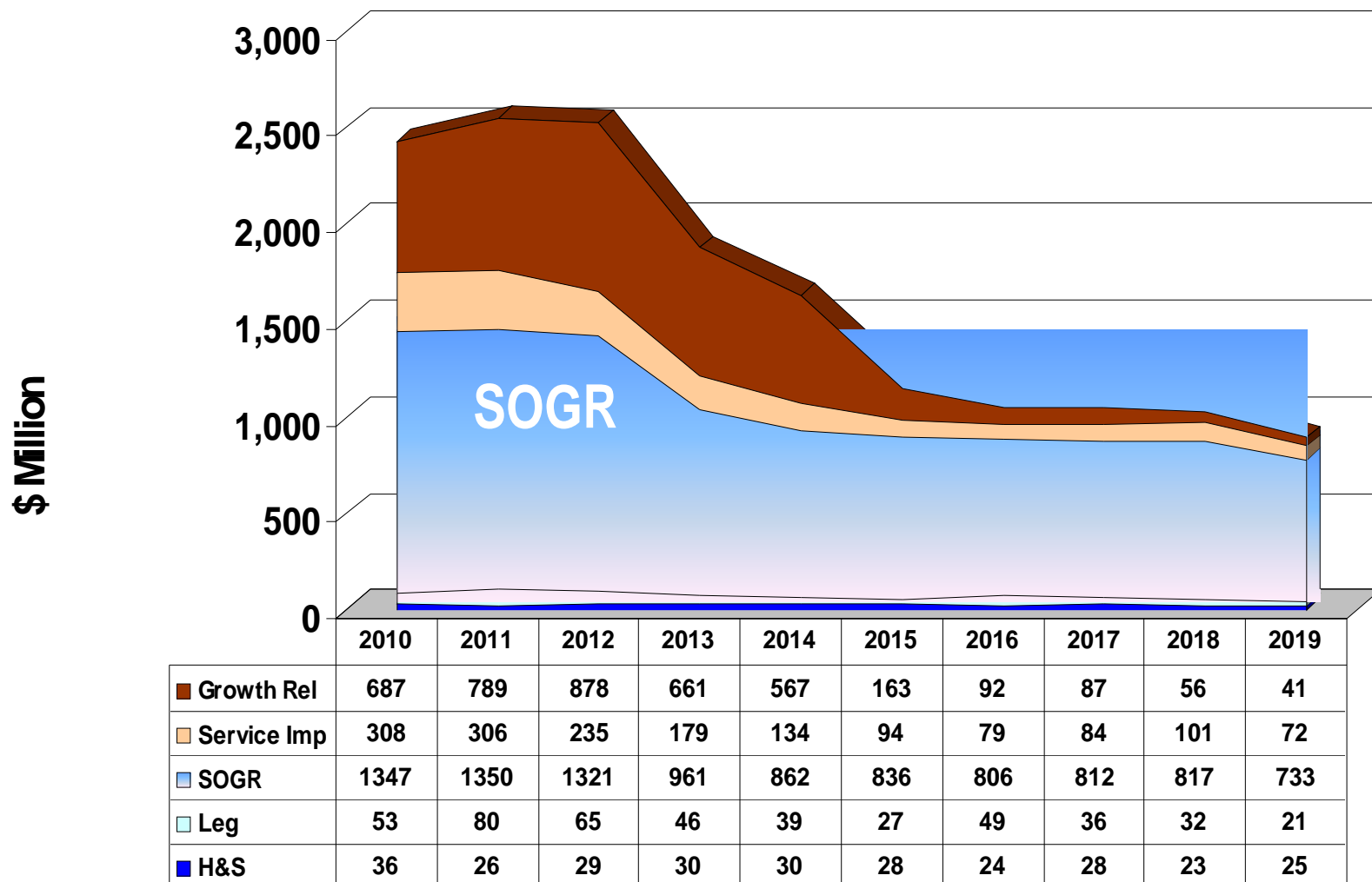
# 2010 – 2019 Rec'd Capital Budget and Plan

## - by Category and Financing Source

\$Million

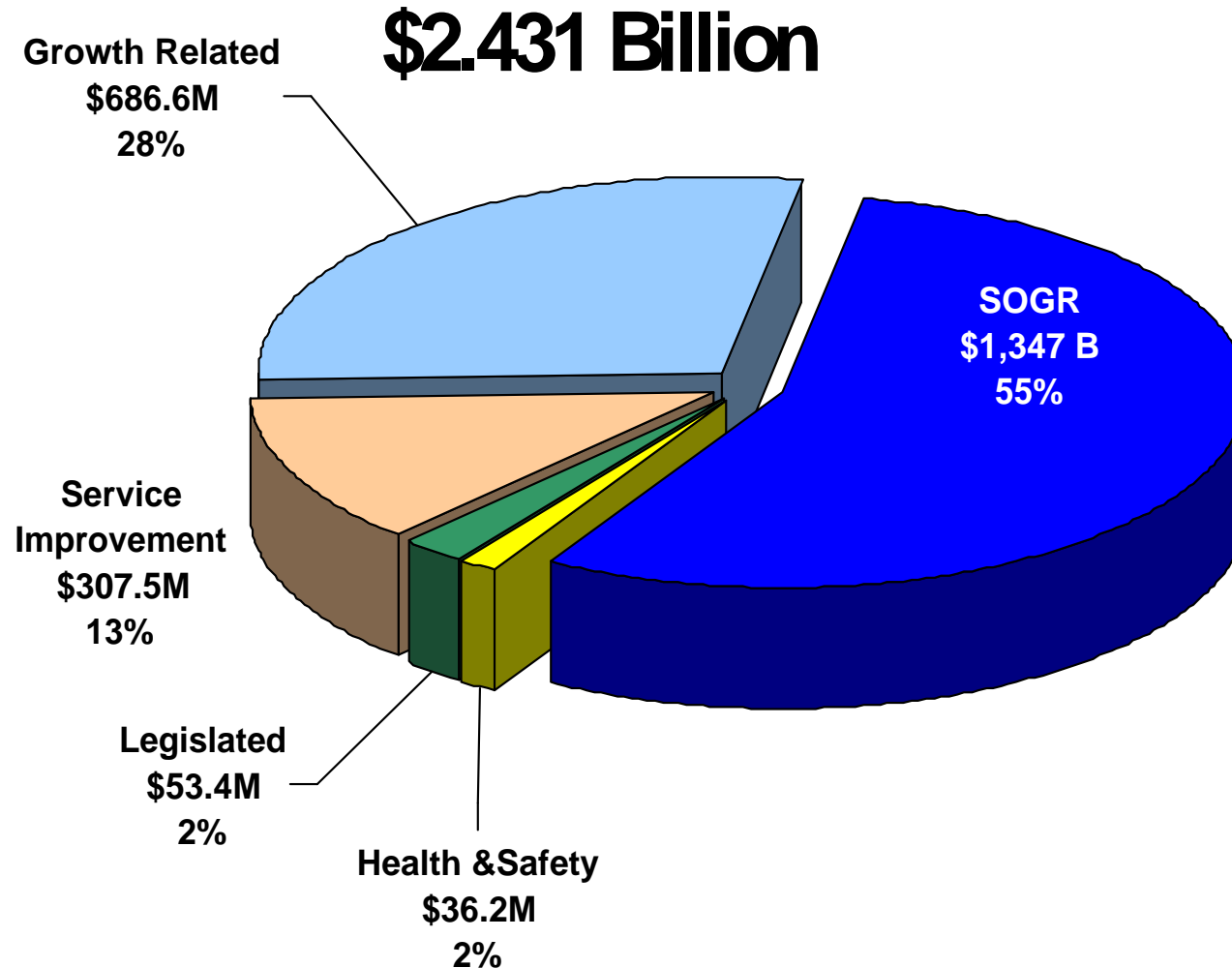
Expenditures	Capital Plan					2010-2014		2015 - 2019		2010-2019	
	2010	2011	2012	2013	2014	Total	%	Total	%	Total	%
Health and Safety	36	26	29	30	30	151	1.4%	128	2.5%	279	1.7%
Legislated	53	80	65	46	39	283	2.6%	166	3.2%	449	2.8%
State of Good Repair	1,347	1,350	1,321	961	862	5,842	53.0%	4,004	77.5%	9,846	60.8%
Service Improvements	308	306	235	179	134	1,162	10.5%	430	8.3%	1,591	9.8%
Growth Related	687	789	878	661	567	3,581	32.5%	439	8.5%	4,019	24.8%
<b>Total Expenditures</b>	<b>2,431</b>	<b>2,551</b>	<b>2,528</b>	<b>1,877</b>	<b>1,632</b>	<b>11,018</b>	<b>100%</b>	<b>5,167</b>	<b>100%</b>	<b>16,186</b>	<b>100.0%</b>
<b>Funded By:</b>											
Provincial	378	515	526	357	298	2,073	18.8%	815	15.8%	2,889	17.8%
Federal	378	391	378	330	295	1,772	16.1%	655	12.7%	2,427	15.0%
Reserves	110	147	110	131	95	592	5.4%	473	9.2%	1,066	6.6%
Reserve Funds	75	75	67	16	18	250	2.3%	89	1.7%	339	2.1%
Capital from Current	165	182	200	220	242	1,009	9.2%	1,589	30.8%	2,598	16.1%
Development Charges	72	46	52	38	32	241	2.2%	143	2.8%	384	2.4%
Other	453	279	280	246	255	1,514	13.7%	279	5.4%	1,793	11.1%
Debt	800	916	914	541	398	3,567	32.4%	1,123	21.7%	4,690	29.0%
<b>Total Funding</b>	<b>2,431</b>	<b>2,551</b>	<b>2,528</b>	<b>1,877</b>	<b>1,632</b>	<b>11,018</b>	<b>100.0%</b>	<b>5,167</b>	<b>100.0%</b>	<b>16,186</b>	<b>100.0%</b>

# \$9.9 Billion or 60.8% of the 2010 – 2019 Capital Plan Allocated to SOGR

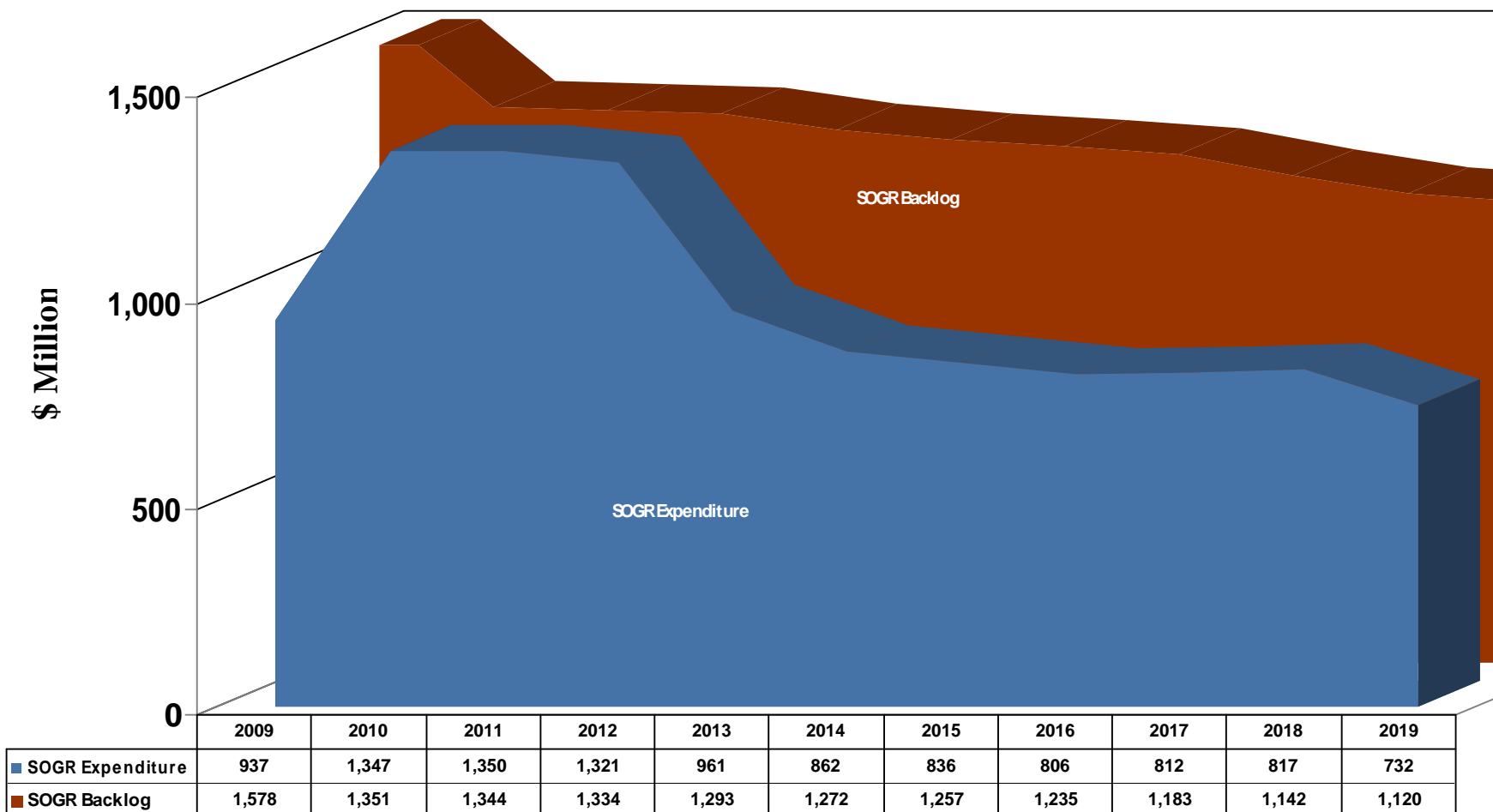


# 2010 Recommended Capital Budget

## 55% Committed to State of Good Repair

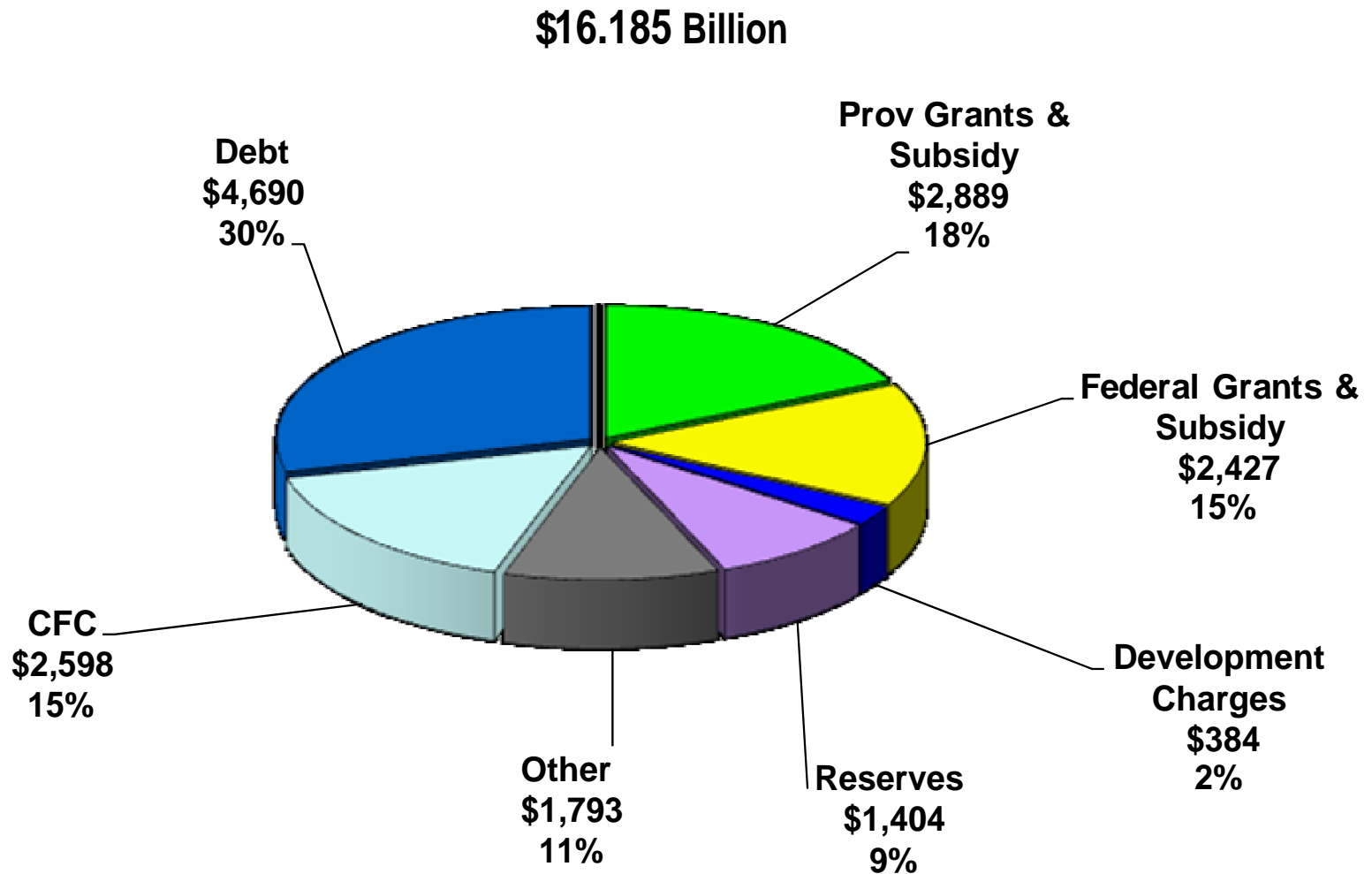


# SOGR Backlog Begins to Decrease in 2012



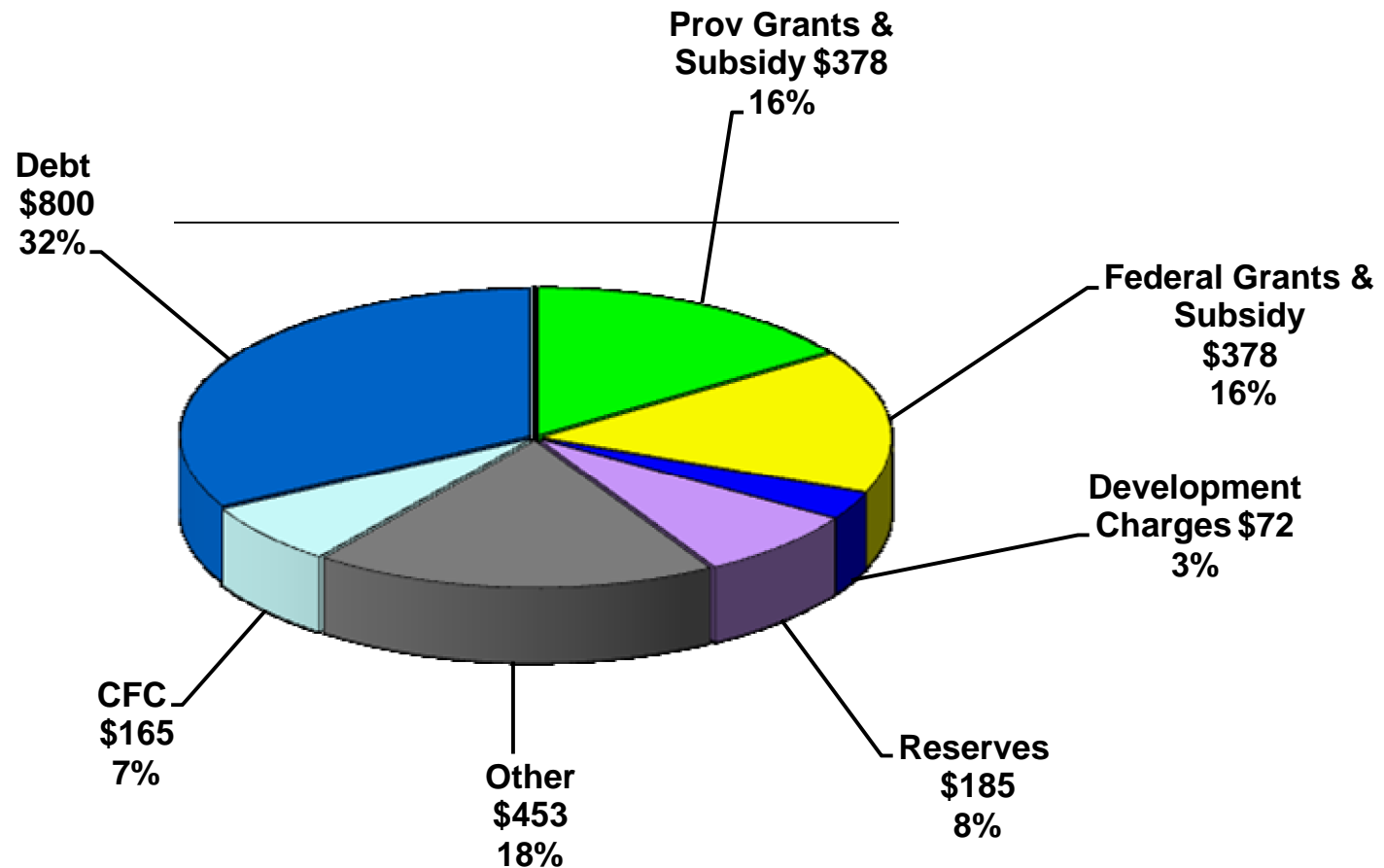


# 2010 - 2019 Recommended Capital Budget & Plan Financing

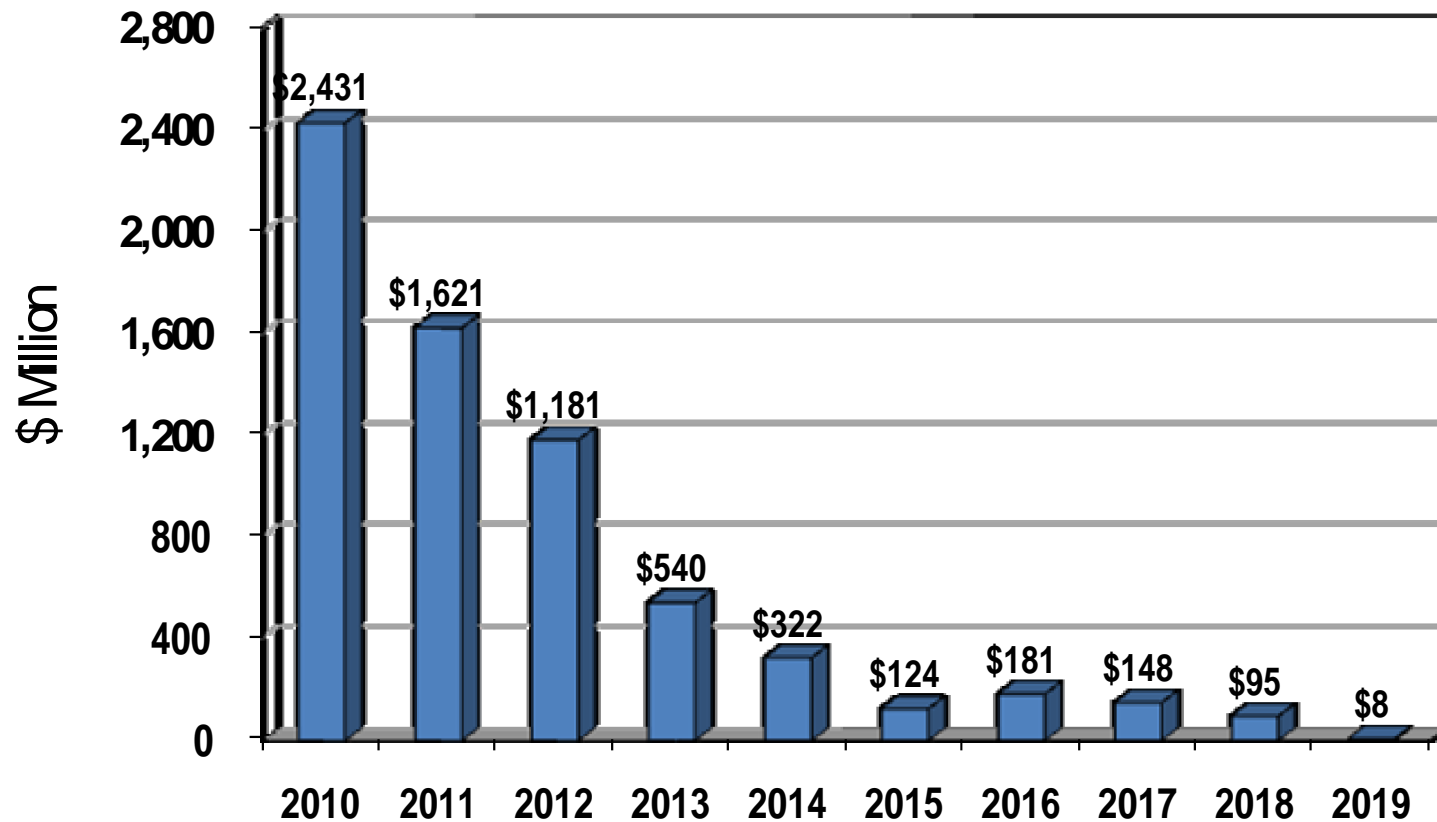


# 2010 Recommended Capital Budget Financing

**\$2.431 Billion**



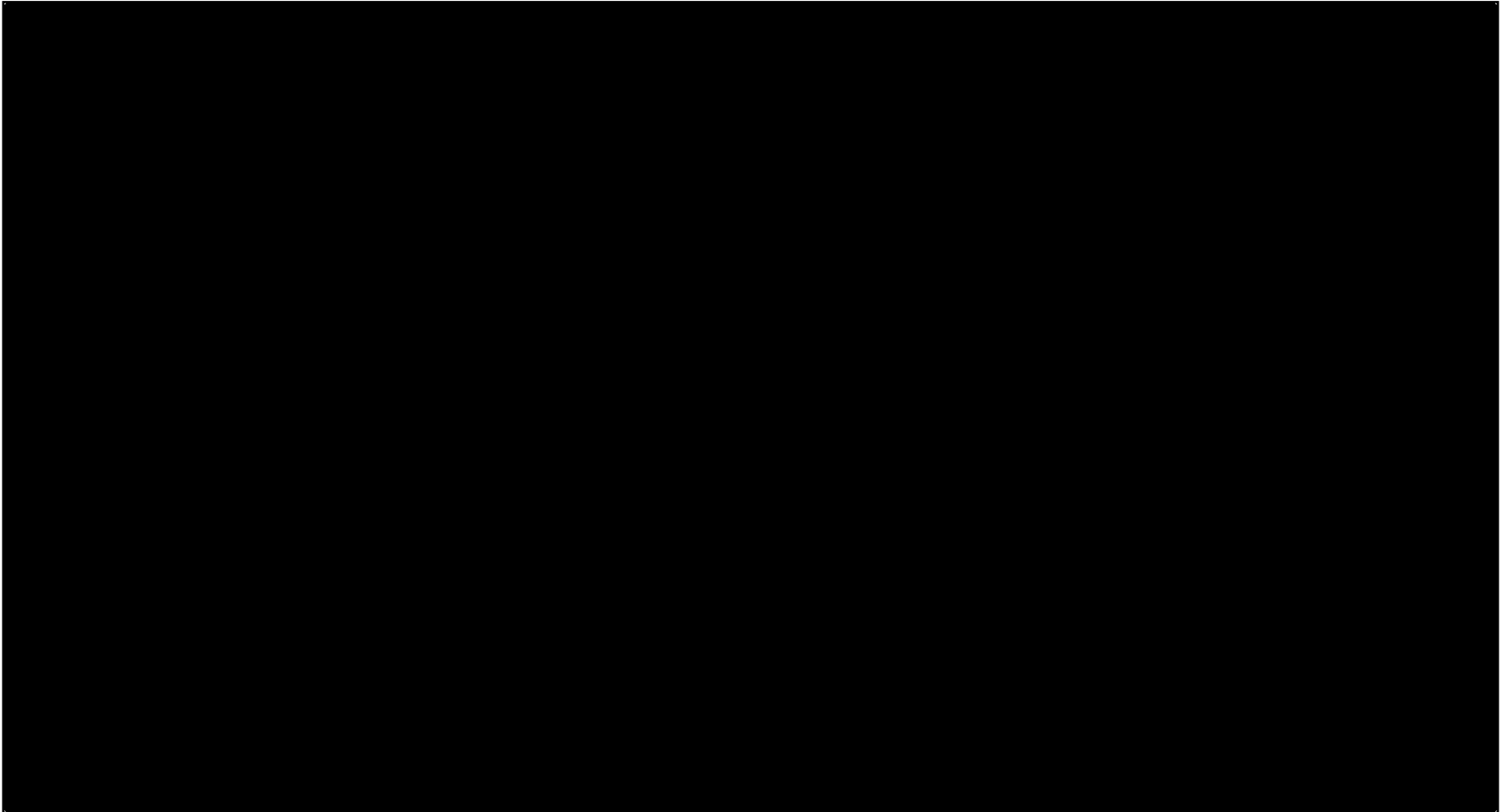
## Approval of the 2010 Rec'd Capital Budget of \$2.431 Billion Commits \$4.221 Billion in Future years



## 2010 – 2019 Debt / CFC Targets

### No New Debt Beginning in 2014

---

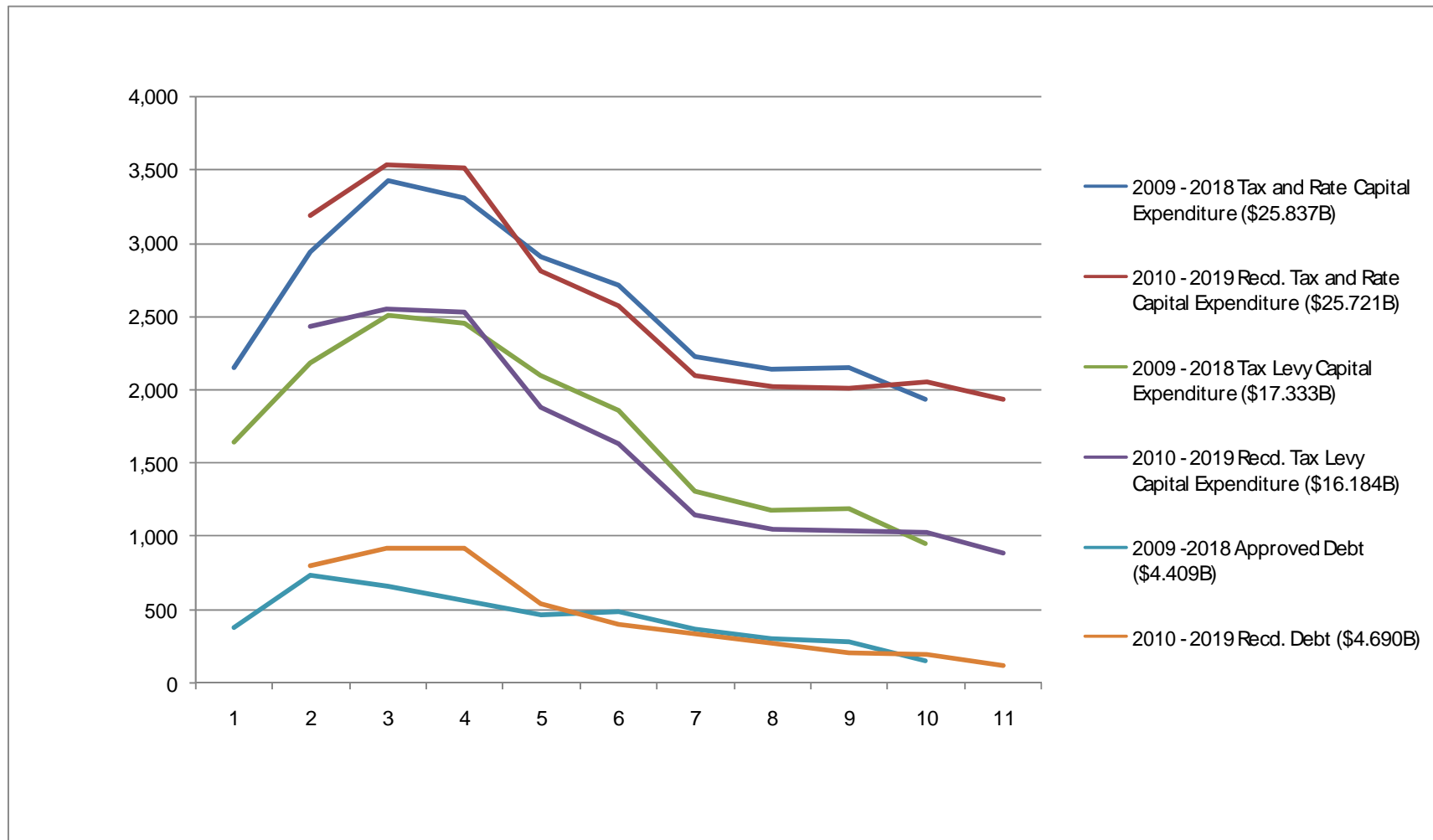


# \$295 Million of Additional Debt Accommodated In the Plan

\$ Million	2010 Capital Budget				2010 - 2014 Capital Plan				2010 - 2019 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'	188	81	73	8	669	353	325	28	1,194	747	720	27
Citizen Centred Services 'B'	380	309	309	0	1,444	1,237	1,237	0	2,674	2,335	2,335	0
Internal Services	186	80	73	7	898	296	269	27	1,580	583	554	29
Other City Programs	183	52	52	0	768	196	196	0	846	228	211	17
<b>Total City Operations</b>	<b>937</b>	<b>522</b>	<b>507</b>	<b>15</b>	<b>3,779</b>	<b>2,082</b>	<b>2,027</b>	<b>55</b>	<b>6,294</b>	<b>3,893</b>	<b>3,820</b>	<b>73</b>
ABCs Excluding TTC	177	113	100	13	625	404	404	0	1,178	790	790	0
<b>Total Tax Supported Excl. TTC</b>	<b>1,114</b>	<b>635</b>	<b>607</b>	<b>28</b>	<b>4,404</b>	<b>2,486</b>	<b>2,431</b>	<b>0</b>	<b>7,472</b>	<b>4,683</b>	<b>4,610</b>	<b>73</b>
<b>Toronto Transit Commission</b>	<b>1,317</b>	<b>330</b>	<b>470</b>	<b>(140)</b>	<b>6,614</b>	<b>2,090</b>	<b>1,861</b>	<b>229</b>	<b>8,713</b>	<b>2,605</b>	<b>2,383</b>	<b>222</b>
<b>Total</b>	<b>2,431</b>	<b>965</b>	<b>1,077</b>	<b>(112)</b>	<b>11,018</b>	<b>4,576</b>	<b>4,292</b>	<b>283</b>	<b>16,185</b>	<b>7,288</b>	<b>6,993</b>	<b>295</b>



# How the 2009 - 2018 and 2010 - 2019 Capital Plans Compare



# **Long Term Financial Strategy**

## **- Debt Restructuring Plan**

# Long Term Fiscal Plan

---

- Council approved the Long Term Fiscal Plan in 2005
- Adopted the principle that:  
“the debt repayment period should not exceed the useful life of the asset for which the debt is incurred”.

# Financing Principles

---

- Financing charges should be timed to match the benefit from the expenditure to avoid inter-generational transfers
  - Contributions from Operating Fund and Reserves should fund ongoing state-of-good-repair projects and short lived capital assets that benefit today's taxpayers (pay as you go)
  - Debt should finance growth and enhancements that benefit future taxpayers
  - Subject to market conditions, debt amortization should match the expected service life of the asset - up to 30 years for longer term assets such as subway cars and Union Station

## Mayor's Fiscal Review Panel

---

- The final report of the review panel recommended that current tax-supported debt of the City and the corresponding debt service charges be reduced by monetizing assets
- Doing so gives the City room to finance strategic investments in the TTC, infrastructure projects, and other key priorities

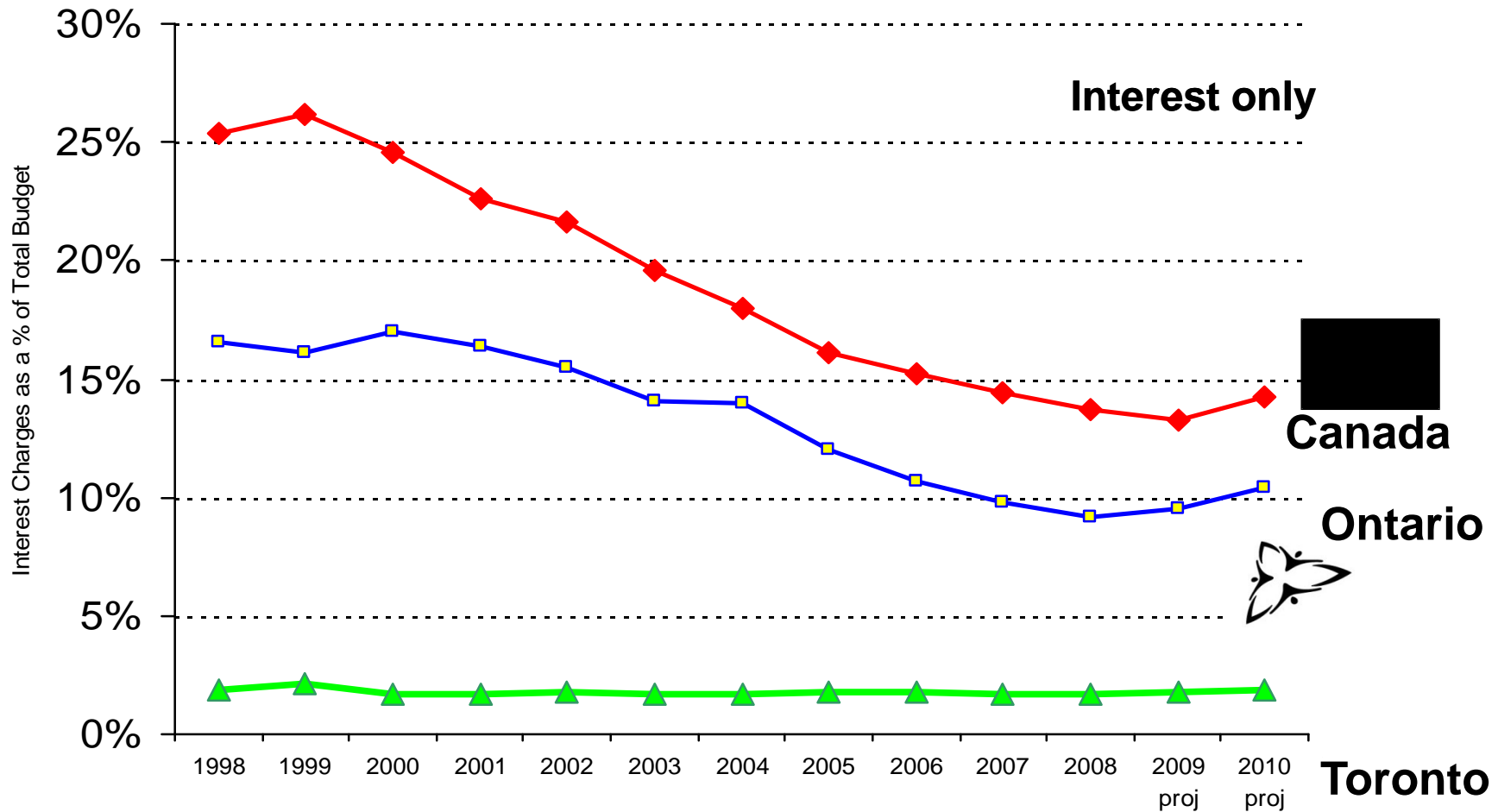


## 15% Debt Guideline

---

- Adopted by Council to help ensure that operating impact of repaying principal and interest was limited, so that program operating spending not unduly crowded out
- Council adopted a ceiling for debt principal repayment and interest:
  - ceiling of 15% of our property tax revenue base
  - i.e. 85% of tax dollars available for programs
- Credit rating agencies view this guideline as a positive contributor to City's rating

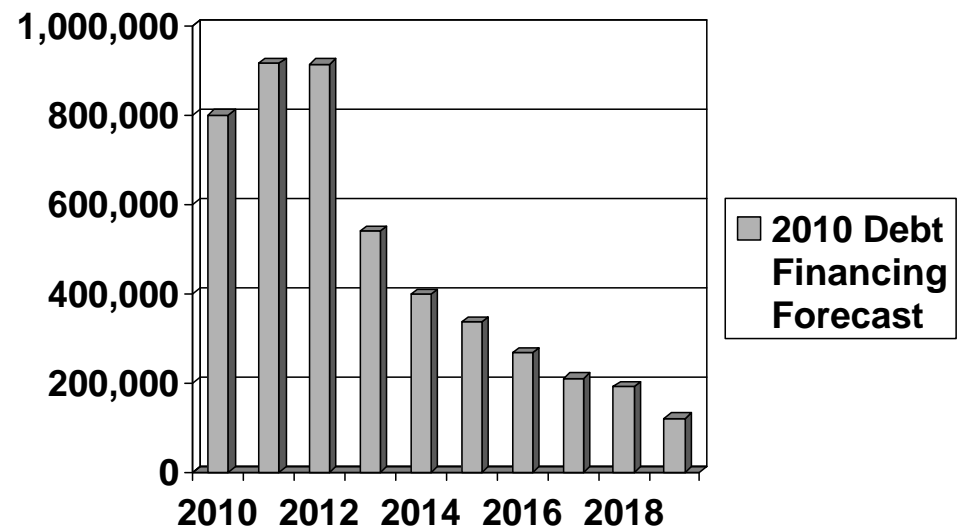
# Comparison of Debt Charges of the Three Orders of Government



Source: *Federal Fiscal Reference Table & Update of Economic and Fiscal Projections Sep 2009*  
*Ontario Economic Outlook & Fiscal Review Oct 2009*  
*City of Toronto budgets*

# The Challenge

- High Capital Program spending over next three years due to:
  - Accelerated projects for stimulus program
  - Peaking life cycle costs
- Would significantly impact the operating budget and cause the debt service ratio guideline to be exceeded

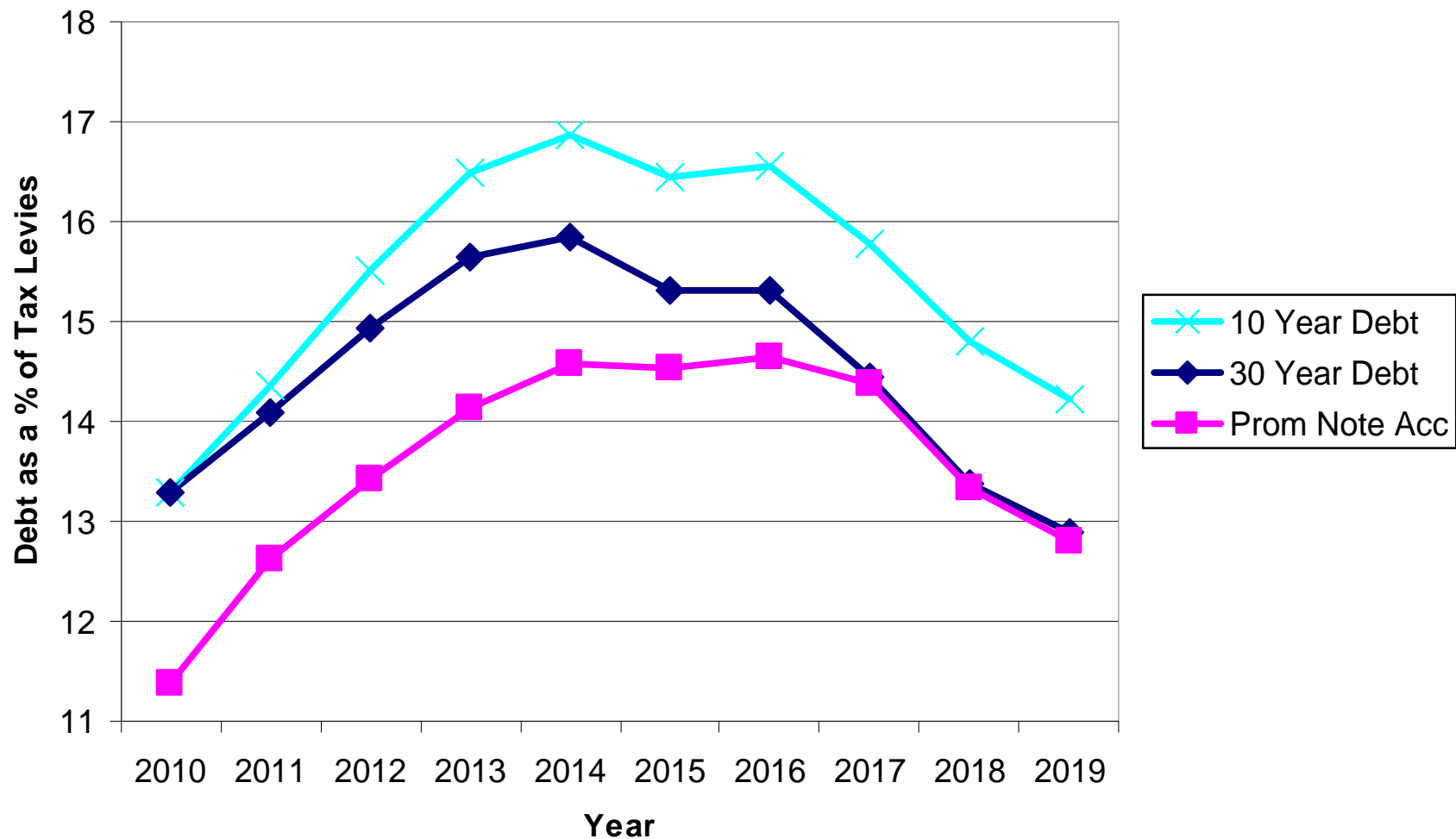


## Update Debt Financing Strategy

---

- Take advantage of current rates and market interest in longer term (30 year) debt for selected long life assets
- Utilize Toronto Hydro promissory note proceeds to pay down the City's debt obligations – per Fiscal Review Panel
- Fund the City's share of the Spadina Subway Extension and Waterfront Revitalization projects with 30 year debt financing, replacing cash (reserve) funding, as needed

**Debt Charges as a % of Tax Levy with  
10/30 Year Debt & Prom Note Proceeds**





# Impact of Debt Restructuring on Annual Debt Charges

(\$ millions)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt Charges - Traditional 10% Financing ( A )	466	512	563	611	637	631	644	617	580	560
Debt Charges - 25% 30 Year Debt ( B )	466	503	544	581	600	589	596	566	526	503
Debt Charges - Apply \$600 million of Promissory Note to Pay Down Debt ( C )	399	450	487	523	551	558	569	565	525	502
Difference ( C ) - ( A )	(67)	(62)	(76)	(88)	(86)	(73)	(74)	(52)	(55)	(58)

## Expected Benefits

---

- Keeps debt service ratio below 15% in accordance with Capital Financing Policy
- Smooths out the impact of the near term capital program on the operating budget
- Takes advantage of current debt market conditions
- Facilitates continuation of regular increases to capital from current contributions

# Conclusion

# Conclusion

---

- The 2010 - 2019 Capital Budget and Plan Strategy is achieved:
  - \$25.7 Billion Tax and Rate Capital Program spending to protect and create 300,000 jobs
  - Gives priority to completing 2009 projects delayed as a result of the labour disruption and completion of ISF and RInC projects
  - Achieves a balance between maintaining existing City assets and addressing service gaps on a City-wide basis
  - Targets investment in projects in accordance with the Mayor's mandate and Council policy agenda
  - Is based on project readiness and ability / capacity to spend
  - Ensures that the 10-Year Capital Plan is affordable and finances highest priority projects on a City-wide basis

# Capital Budget Timelines



# 2010 Capital Budget Schedule - Key Dates

