

City of Toronto

2010 – 2019 Executive Committee Recommended Capital Budget and Plan



December 8, 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)
- Continue construction of the **Sheppard East LRT Transit City line** (2010 \$163.879 million)

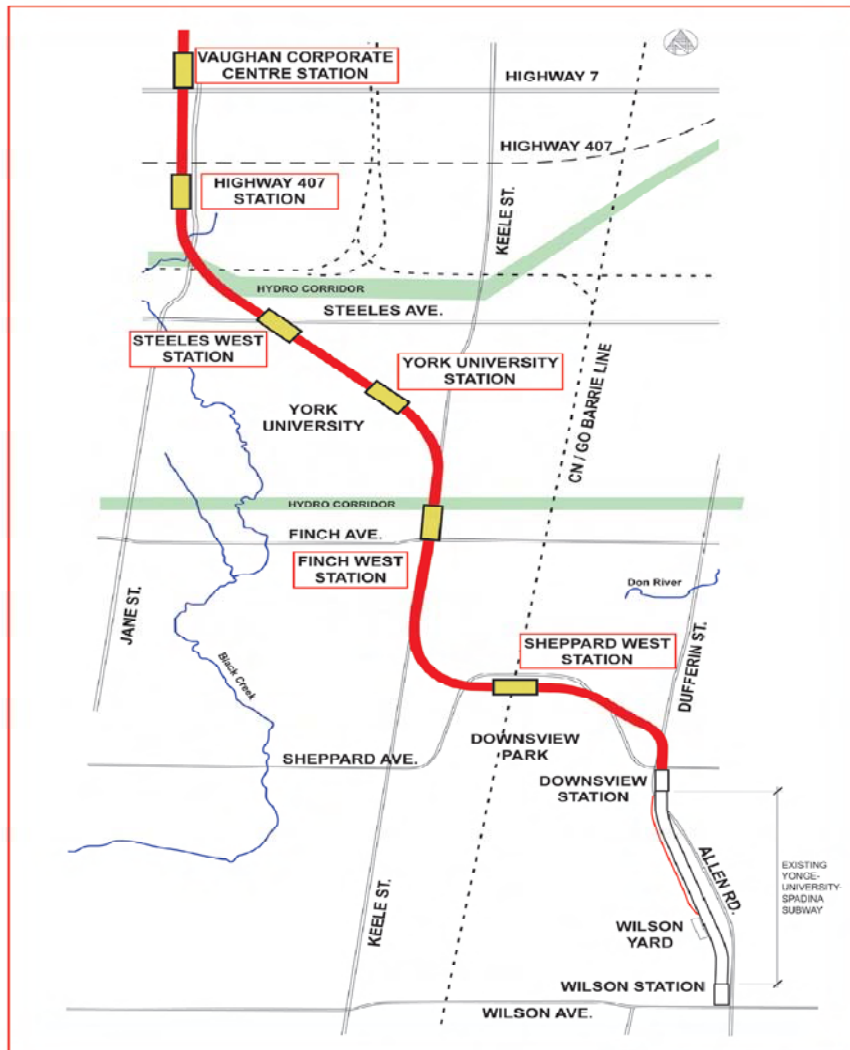


Transit (Continued)

- Make progress *on the **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 construction of an interregional bus terminal at ***Kipling Station*** (2010 \$5.685 million)
- Develop the ***Union Station Subway Platform upgrade*** (2010 - \$7.542 million, (2010 – 2014 \$51.114 million)



Transit (Continued)



Toronto-York Spadina
Subway Extension

- Continue design and engineering with construction work on the main station areas beginning in late 2010 on the 8.6 km, six station underground *Spadina Subway Extension from Downsview Station to Vaughan Corporate Centre* (2010 \$189.308 million, 2010 - 2019 \$2.491 billion)
- 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)

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)
- Complete the elimination of the *Dufferin Street Jog* 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)



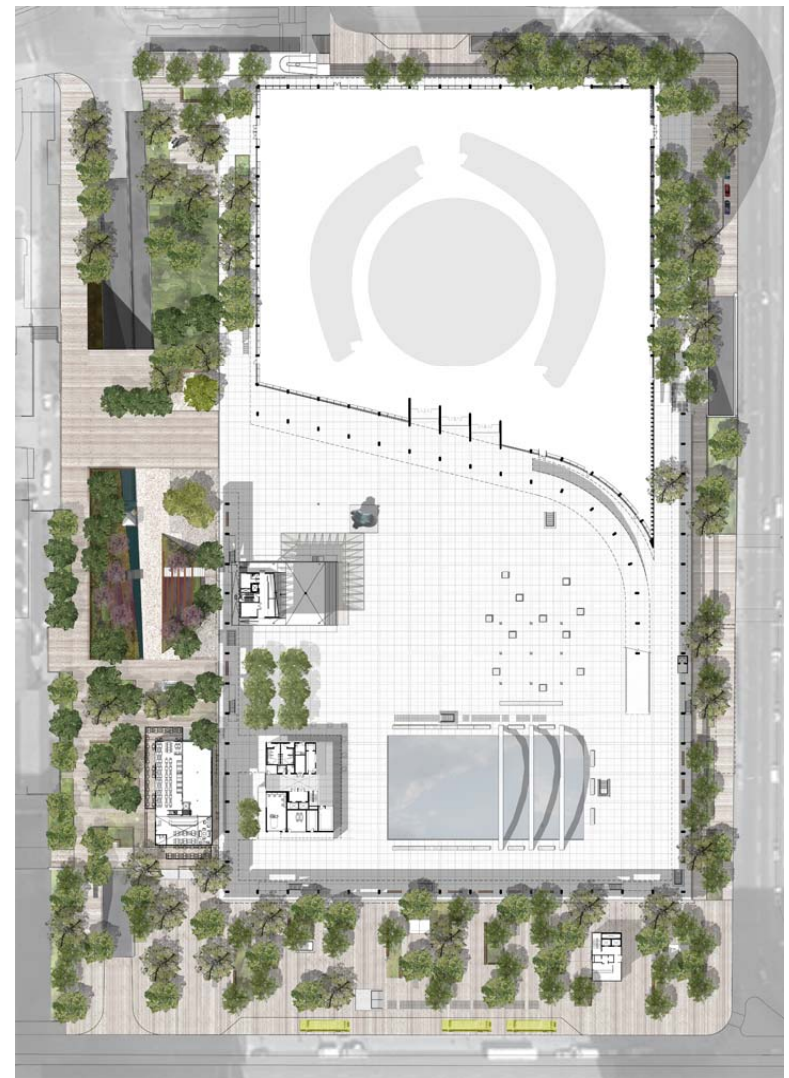
Public Safety and Emergency Services

- 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)
- Replace *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 *four ambulance stations* at Bathurst & York Downs, Chaplin Crescent, York-South Weston, and Pape Avenue
(2010 \$5.712 million, 2011 \$1.669 million)



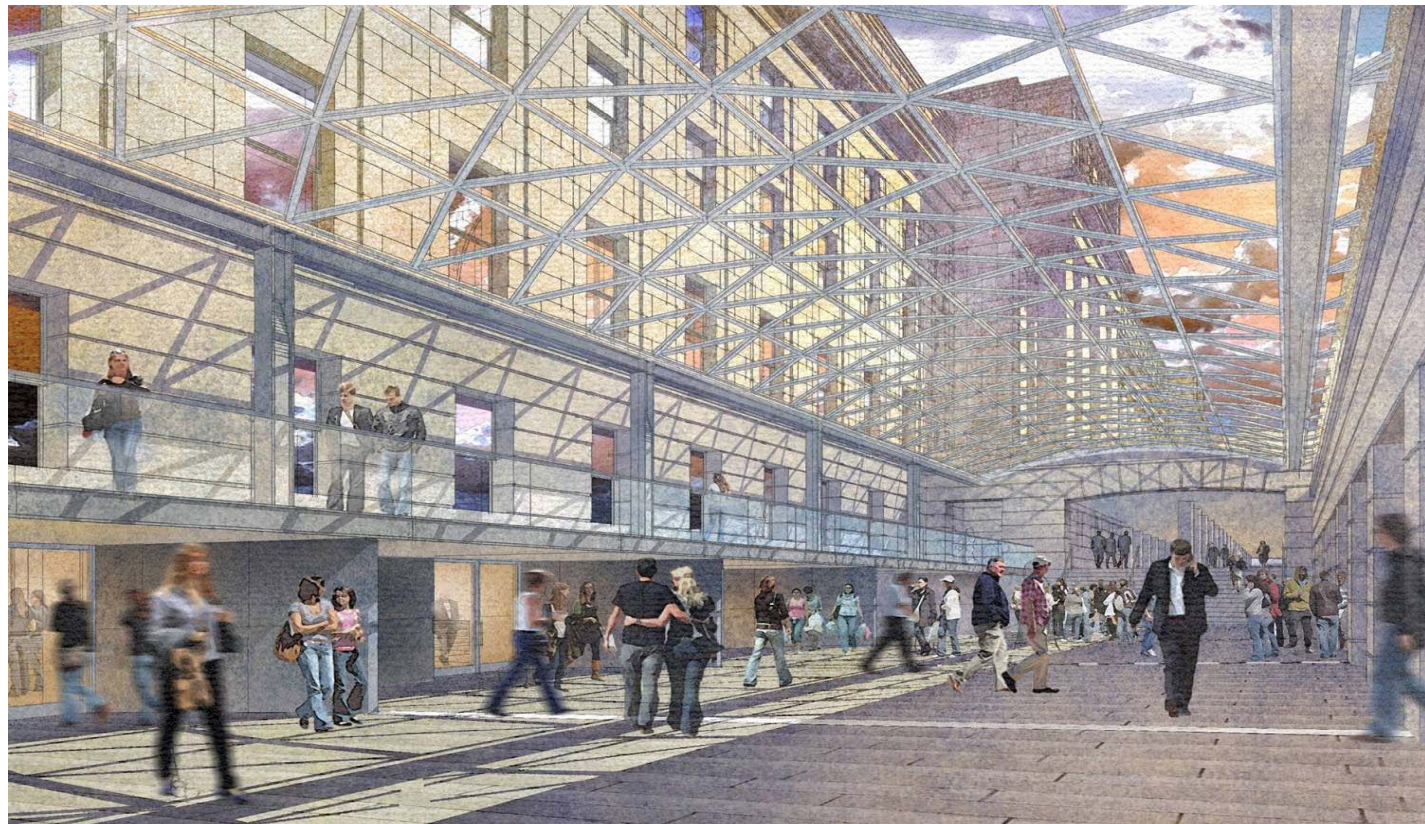
Public Spaces

- Revitalize *Nathan Phillips Square* (2010 \$7.009 million, 2010 - 2012 \$28.258 million)



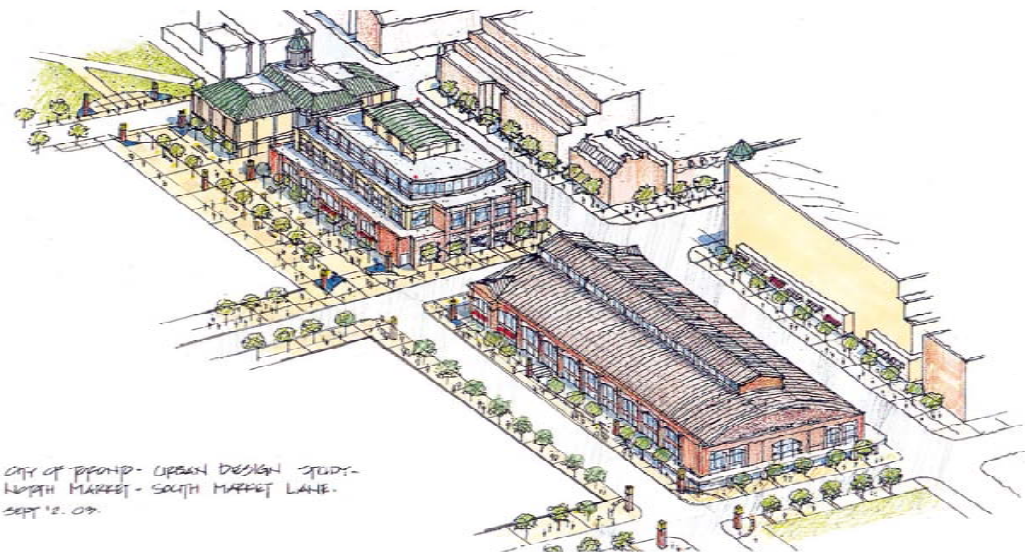
Public Spaces

- Design and construct revenue and transportation enhancement projects for the revitalization of ***Union Station*** (2010 \$139.322 million, 2010 - 2019 \$621.541 million)



Public Spaces

- 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)

- 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)
- Provide infrastructure for repairs and maintenance of the historical buildings at *Black Creek Pioneer Village* and other facilities (2010 \$1.216 million, 2010 - 2019 \$10.288 million)

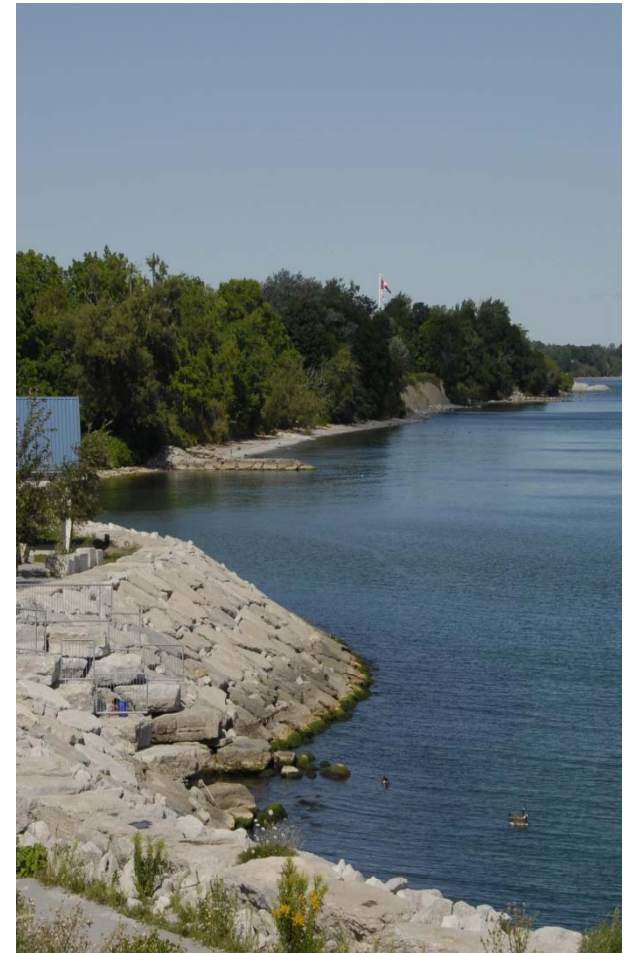
Public Spaces – Waterfront Renewal

- 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)
- 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)



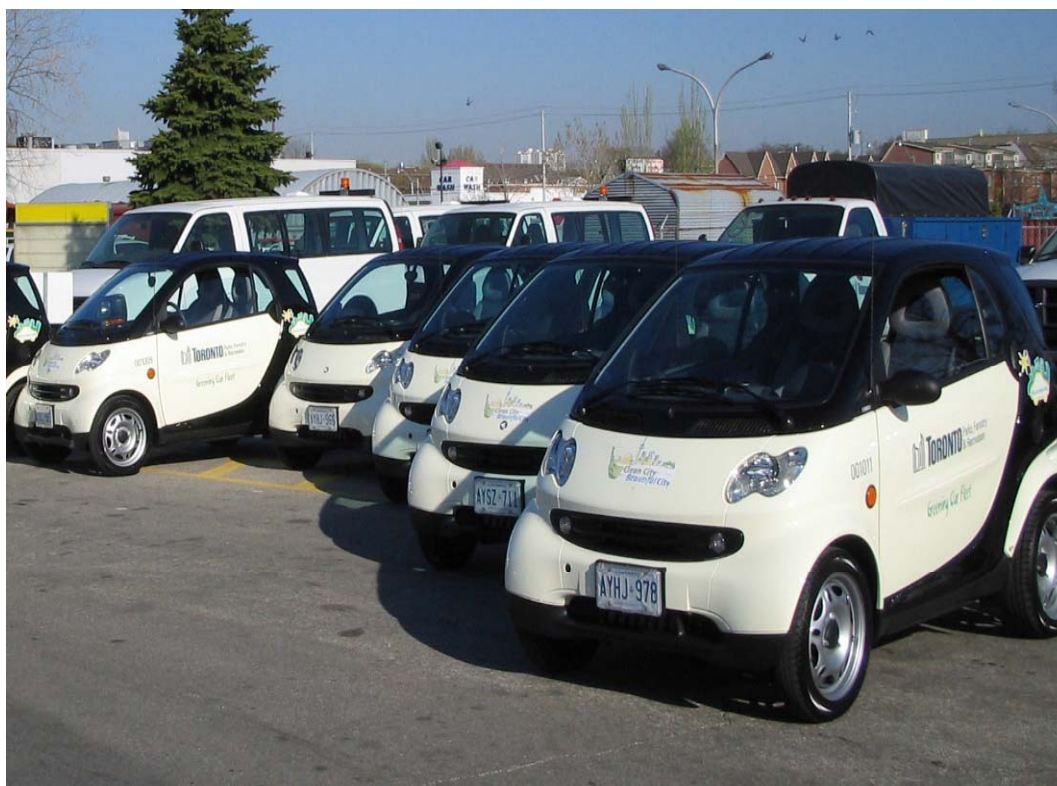
Public Spaces – Waterfront Renewal (Continued)

- 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)
- 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)



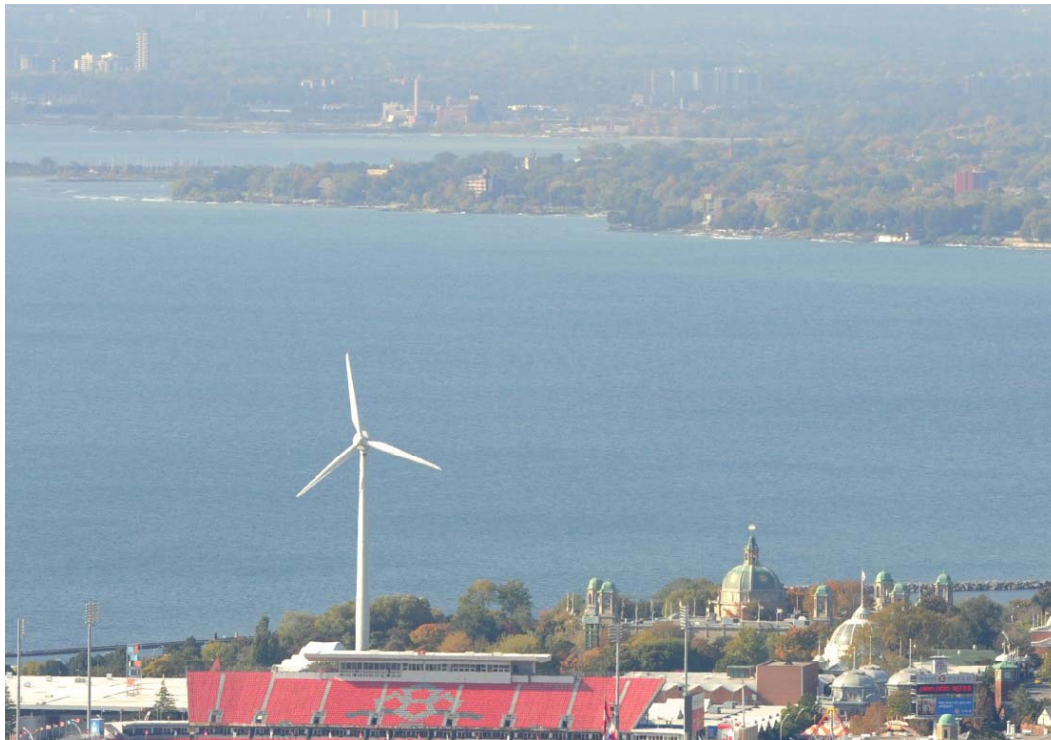
The Environment (Continued)

- *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 \$100.921 million)
- Complete the *Fort York Pedestrian Bridge* (2010 \$8.500 million, 2010 – 2014 \$15.000 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 \$8.682 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)
- Perform safety retrofits on 2 Toronto Island Ferries (2010 \$2.500 million)

Community and Recreation Services (Continued)

- 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)



Community and Recreation Services (Continued)

- Construct infrastructure for *Pan American/ ParaPan American Games* (2010 \$2.5 million, 2010 - 2014 \$49.5 million):
 - New aquatics/athletics facility at Scarborough College
 - Retrofit of swimming facilities at Etobicoke Olympium
 - Upgrades at the Birchmount and Centennial Parks
 - Cycling Road Route
 - Preparation of Nathan Phillips Square for use as festival site



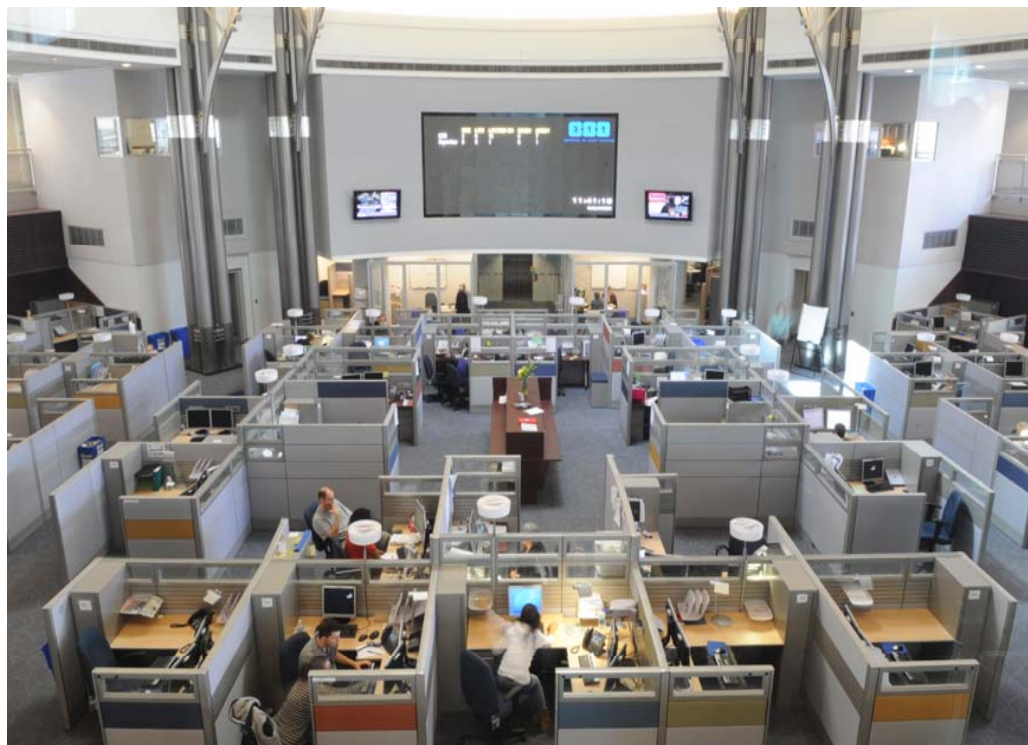
PAN AMERICAN AND PARAPAN AMERICAN GAMES

<http://www.toronto2015.org/>



Improve Public Service

- 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)



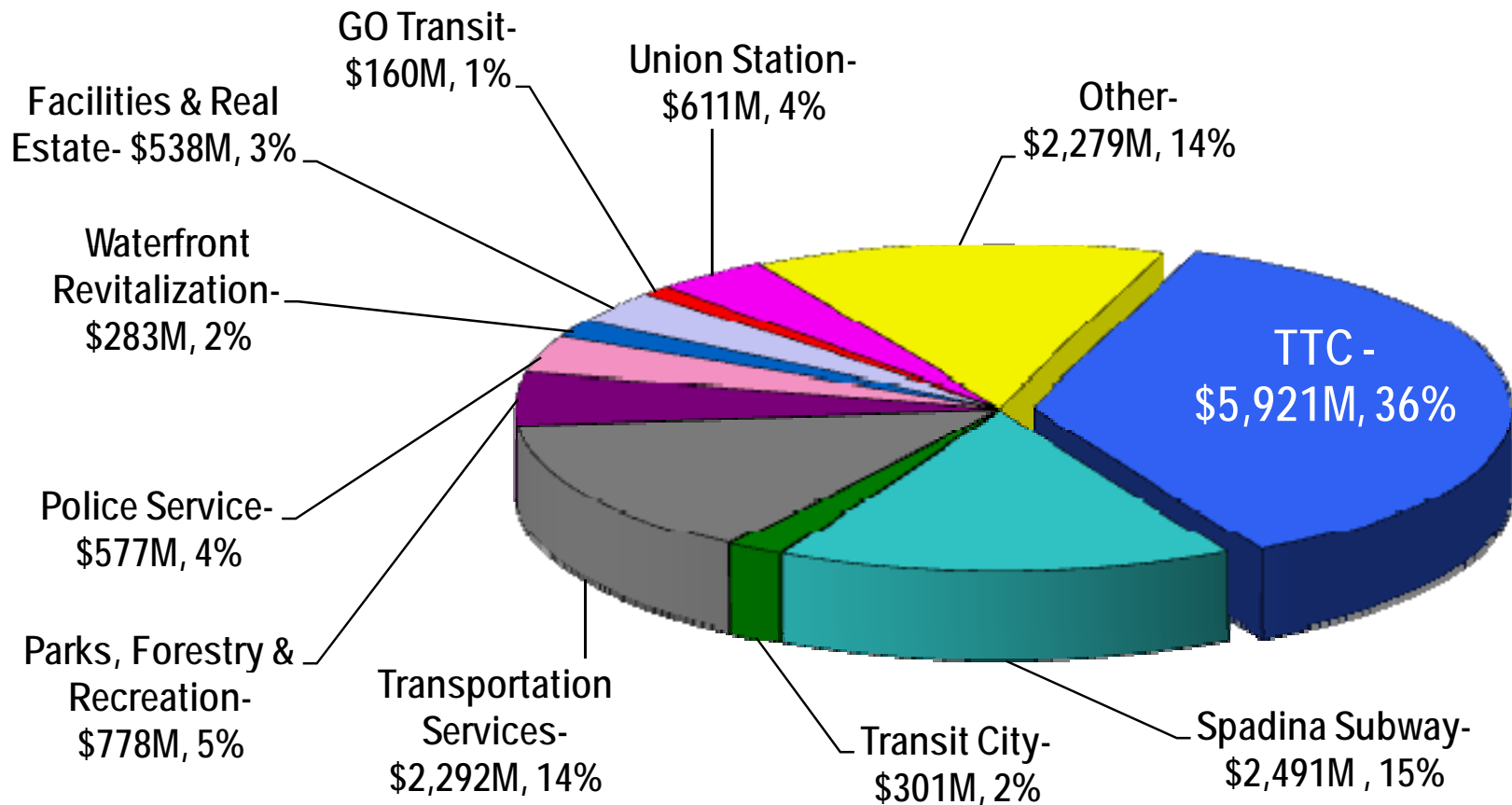
Improve Public Service (Continued)

- 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 to develop the *Public Health Surveillance and Management System* for infectious disease 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 (2010 \$0.7 million, 2010 - 2019 \$3.5 million)



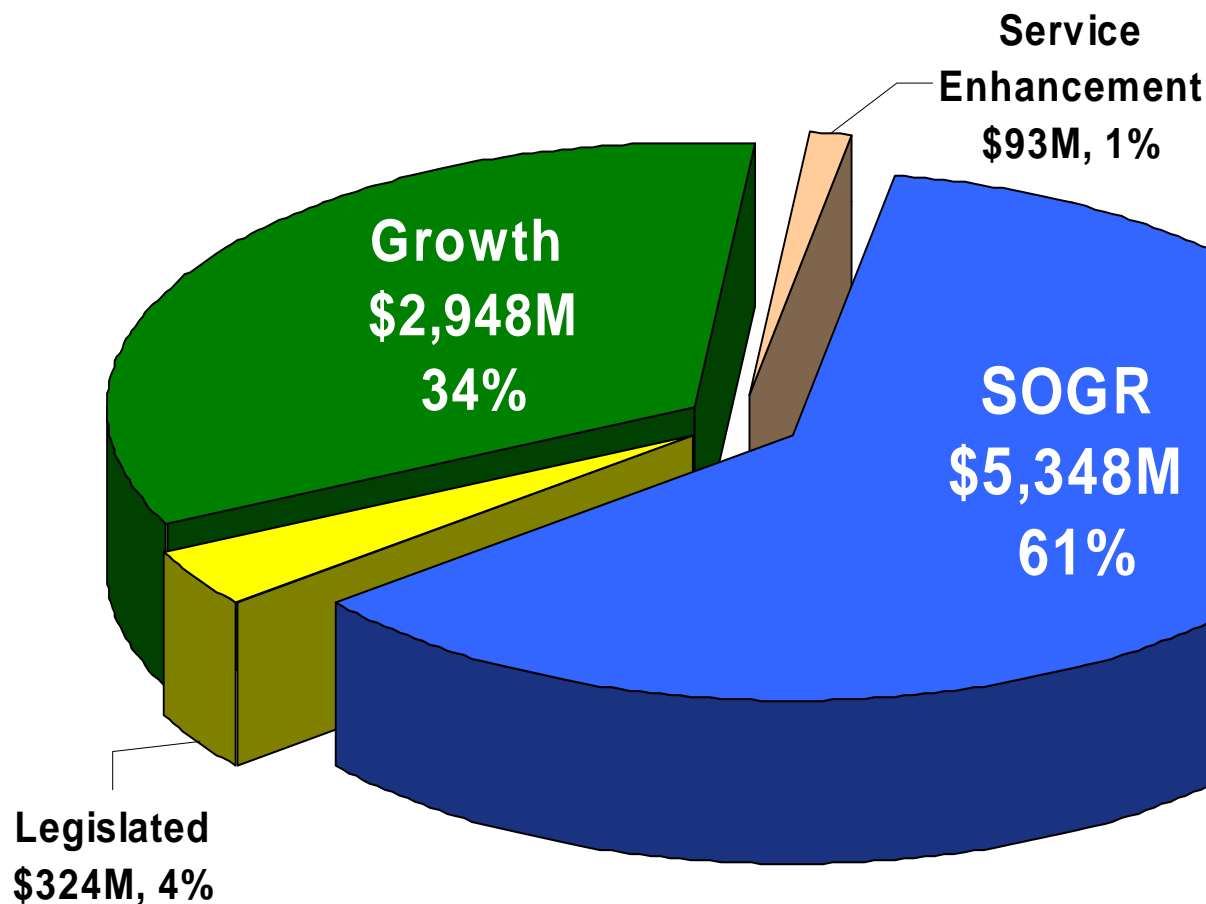
2010 - 2019 Budget Committee
Recommended
Capital Budget and Plan

53% of the 2010 to 2019 Rec'd Capital Budget and Plan of \$16.199 Billion Allocated to Transit

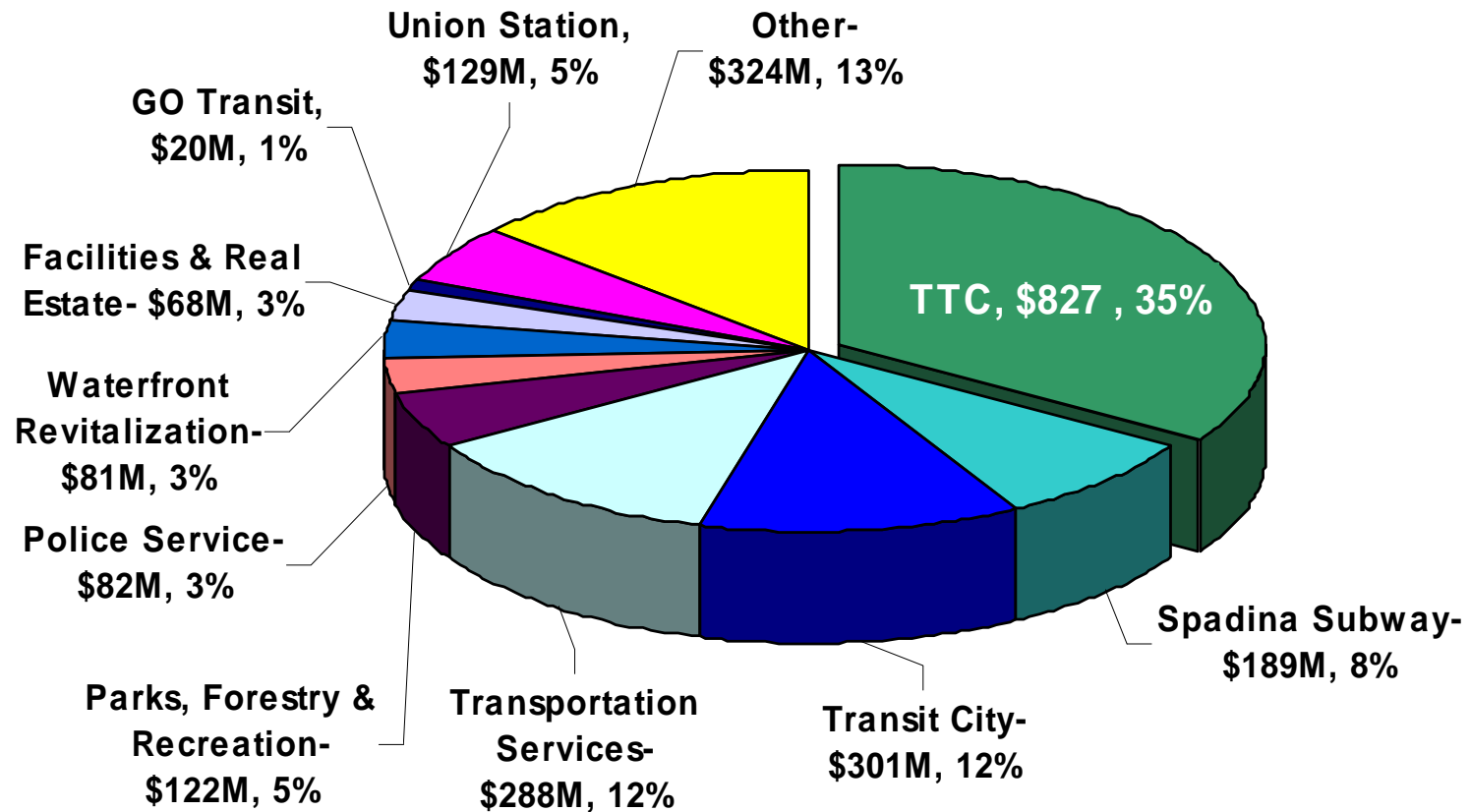


Toronto Transit Commission - 2010 - 2019 Capital Budget & Plan by Category

\$8.713 Billion



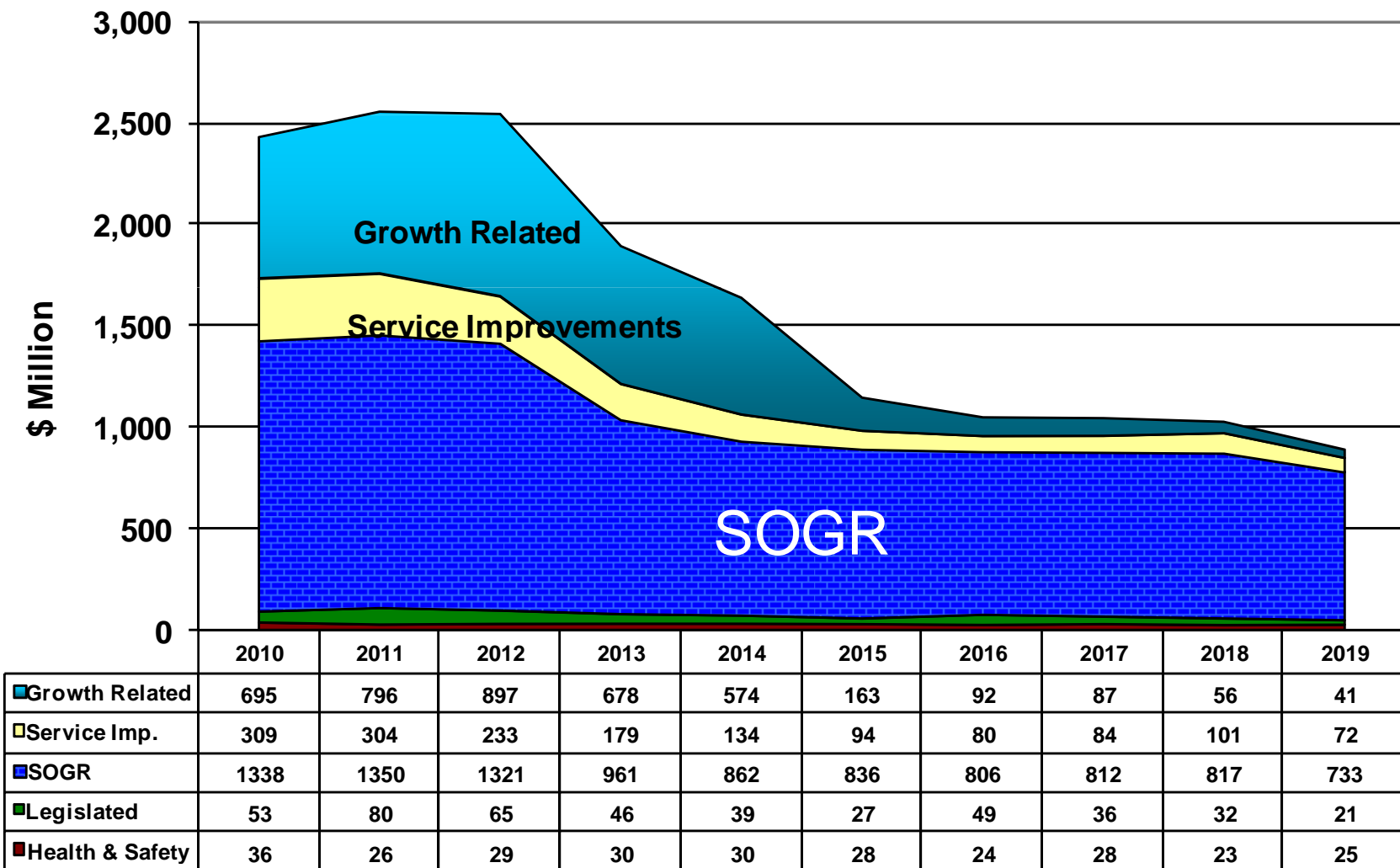
55% of 2010 Rec'd Capital Budget of \$2.431 Billion Allocated to Transit



2010 – 2019 Rec'd Capital Budget and Plan - by Category and Funding Source

\$ Million Expenditures:	2010 - 2014							2015 - 2019		2010 - 2019	
	2010	2011	2012	2013	2014	Total	%	Total	%	Total	%
Health & Safety	36	26	29	30	30	151	1.4%	128	2.5%	279	1.7%
Legislated	52	80	65	46	39	282	2.6%	166	3.2%	448	2.8%
State of Good Repair	1,338	1,349	1,319	960	860	5,826	52.7%	3,995	77.6%	9,821	60.6%
Service Improv.	309	302	231	177	133	1,152	10.4%	421	8.2%	1,573	9.7%
Growth Related	695	796	897	678	574	3,640	32.9%	439	8.5%	4,079	25.2%
Total Expenditures	2,431	2,552	2,541	1,891	1,636	11,051	100.0%	5,148	100.0%	16,199	100.0%
Funded by:											
Provincial	378	515	526	357	298	2,074	18.8%	815	15.8%	2,889	17.8%
Federal	378	391	378	330	295	1,772	16.0%	654	12.7%	2,426	15.0%
Reserve	96	147	110	131	95	579	5.2%	472	9.2%	1,051	6.5%
Reserve Fund	84	75	67	16	18	260	2.4%	88	1.7%	348	2.1%
Capital from Current	165	182	200	220	242	1,009	9.1%	1,589	30.9%	2,598	16.0%
Development Charges	72	46	52	38	32	240	2.2%	144	2.8%	384	2.4%
Other	455	279	281	244	255	1,514	13.7%	280	5.4%	1,794	11.1%
Debt	803	917	927	555	401	3,603	32.6%	1,106	21.5%	4,709	29.1%
Total Funding	2,431	2,552	2,541	1,891	1,636	11,051	100.0%	5,148	100.0%	16,199	100.0%

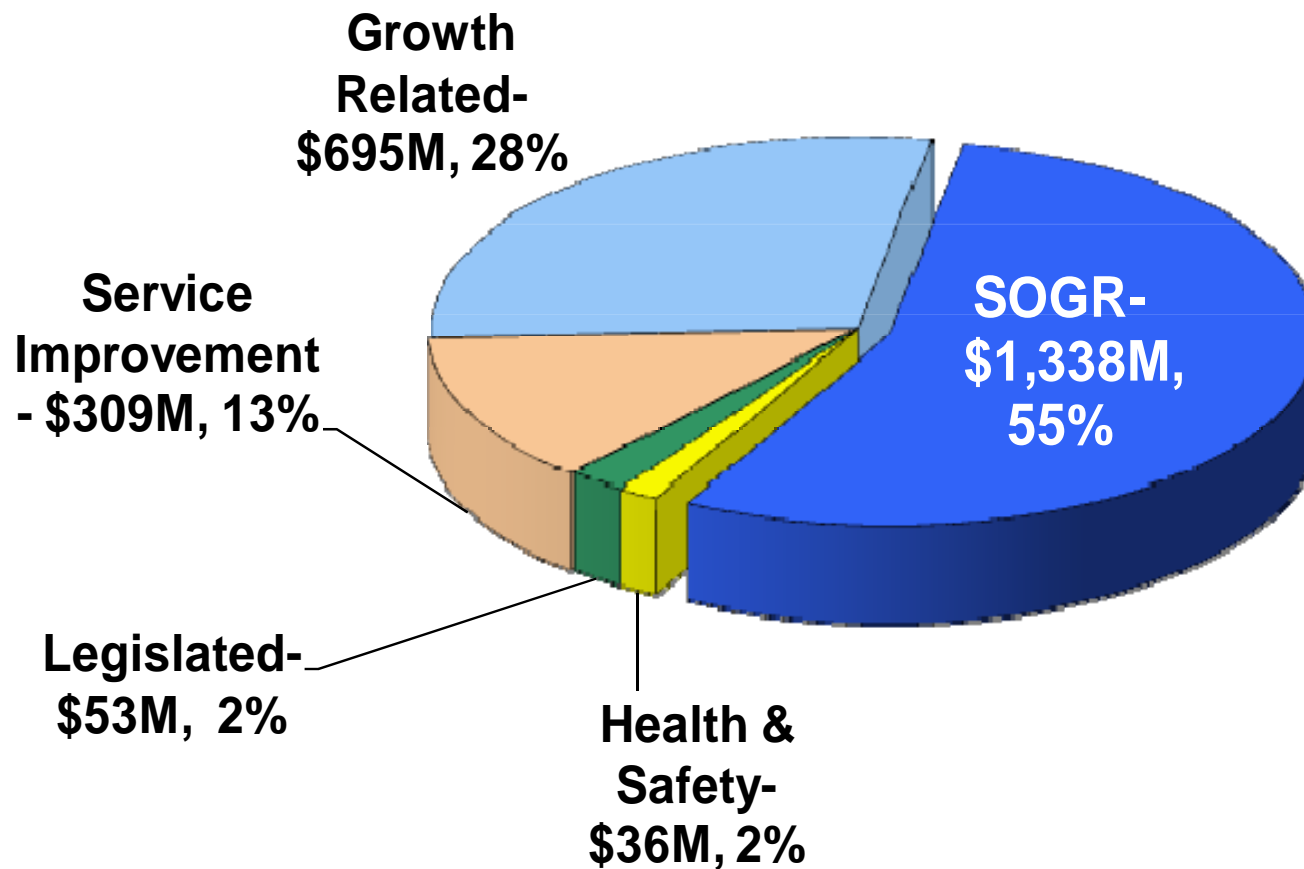
\$9.8 Billion or 60.6% of the 2010 – 2019 Capital Plan Allocated to SOGR



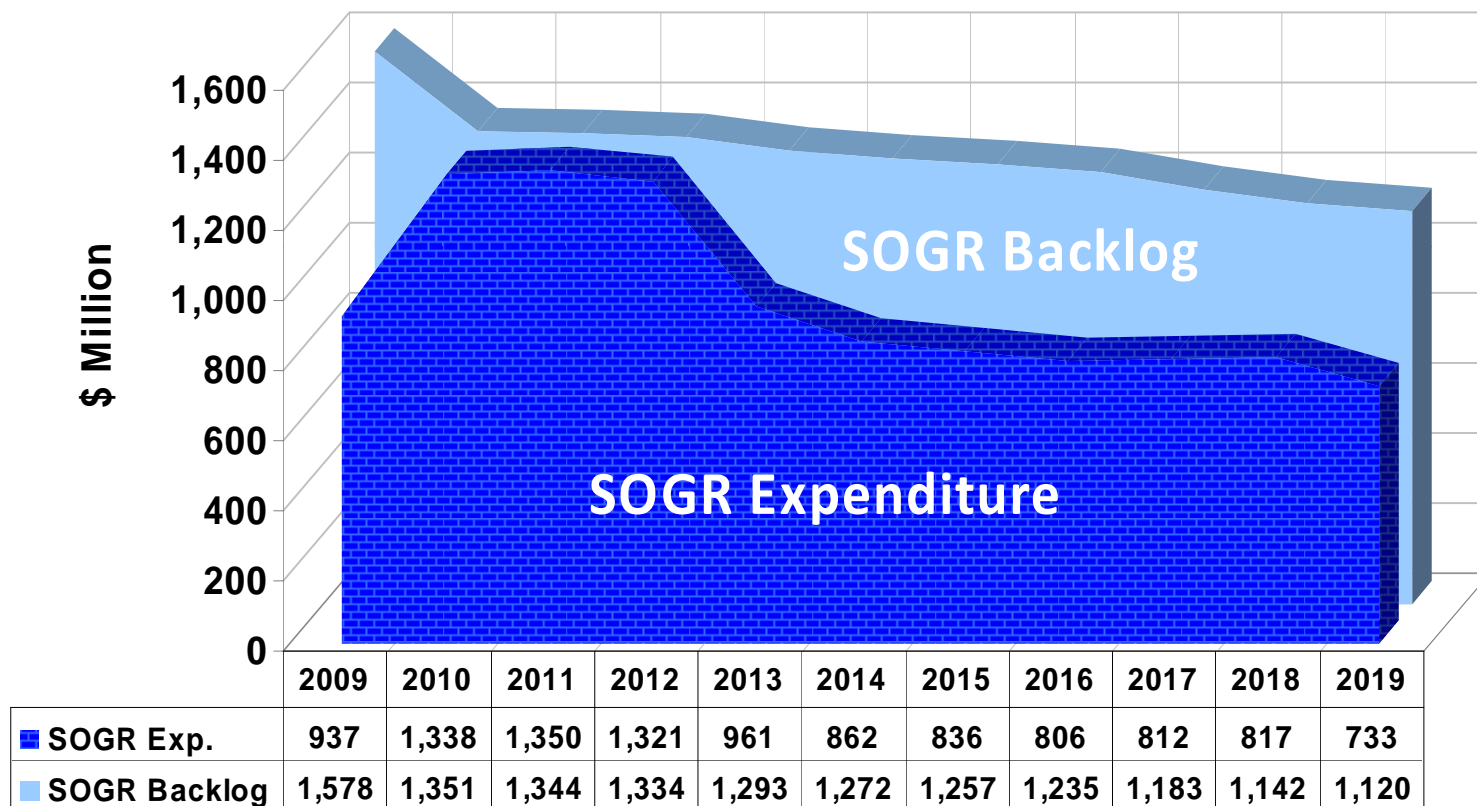
2010 Recommended Capital Budget

55% Committed to State of Good Repair

\$2.431 Billion



SOGR Backlog Begins to Decrease in 2010

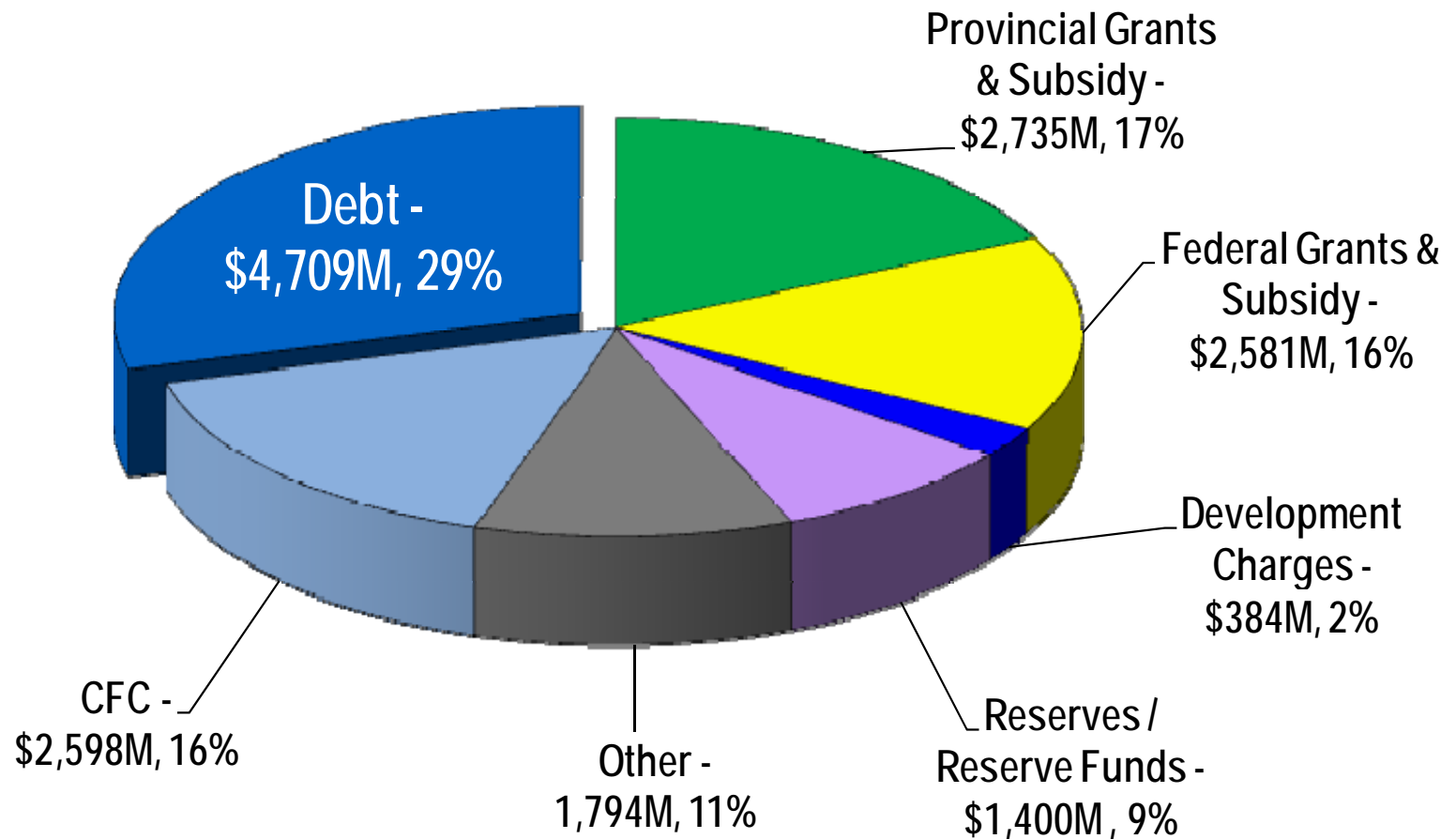


SOGR as a Percent of Asset Replacement Cost

\$ Million	2010			2019		
	Asset Replacement Value	SOGR Backlog	% of Asset Value	Est. Asset Replacement Value	SOGR Backlog	% of Asset Value
City Programs:						
Transportation Services	10,133.940	252.130	2.5%	13,222.493	310.160	2.3%
Parks, Forestry & Recreation	1,909.076	255.036	13.4%	2,490.911	251.902	10.1%
Facilities and Real Estate	2,982.880	272.344	9.1%	3,891.982	120.299	3.1%
Fleet Services	286.077	28.187	9.9%	373.266	-	0.0%
Long Term Care Homes & Services	189.220	8.405	4.4%	246.889	2.972	1.2%
Emergency Medical Services	100.090	18.764	18.7%	130.595	4.628	3.5%
ABCs:						
Exhibition Place	634.343	4.173	0.7%	827.674	29.470	3.6%
Police Services	632.395	13.734	2.2%	825.132	4.411	0.5%
Toronto Public Library	593.900	43.756	7.4%	774.905	78.559	10.1%
Toronto Transit Commission	9,800.000	-	0.0%	12,786.777	-	0.0%

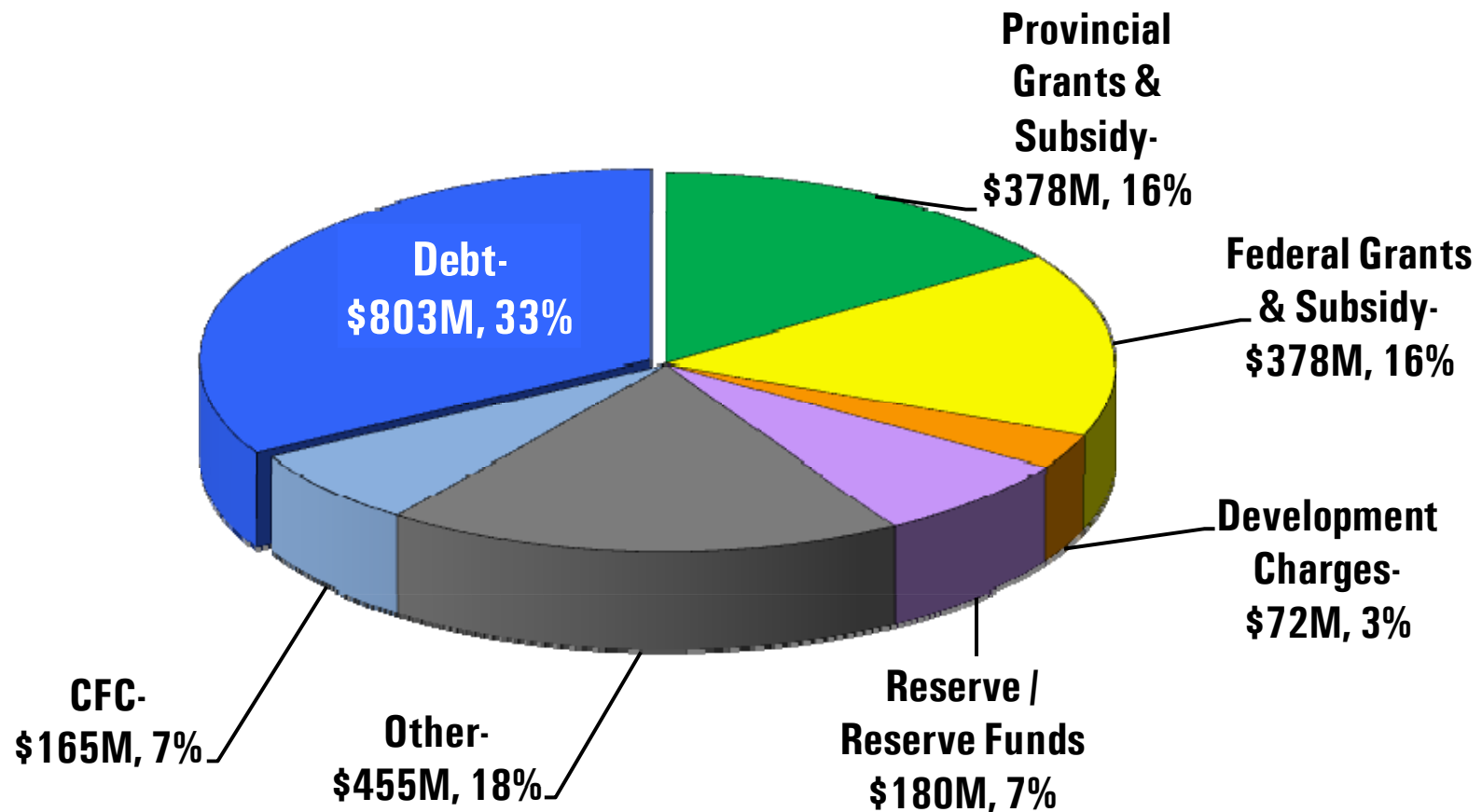
2010 - 2019 Recommended Capital Budget & Plan Financing

\$16.199 Billion

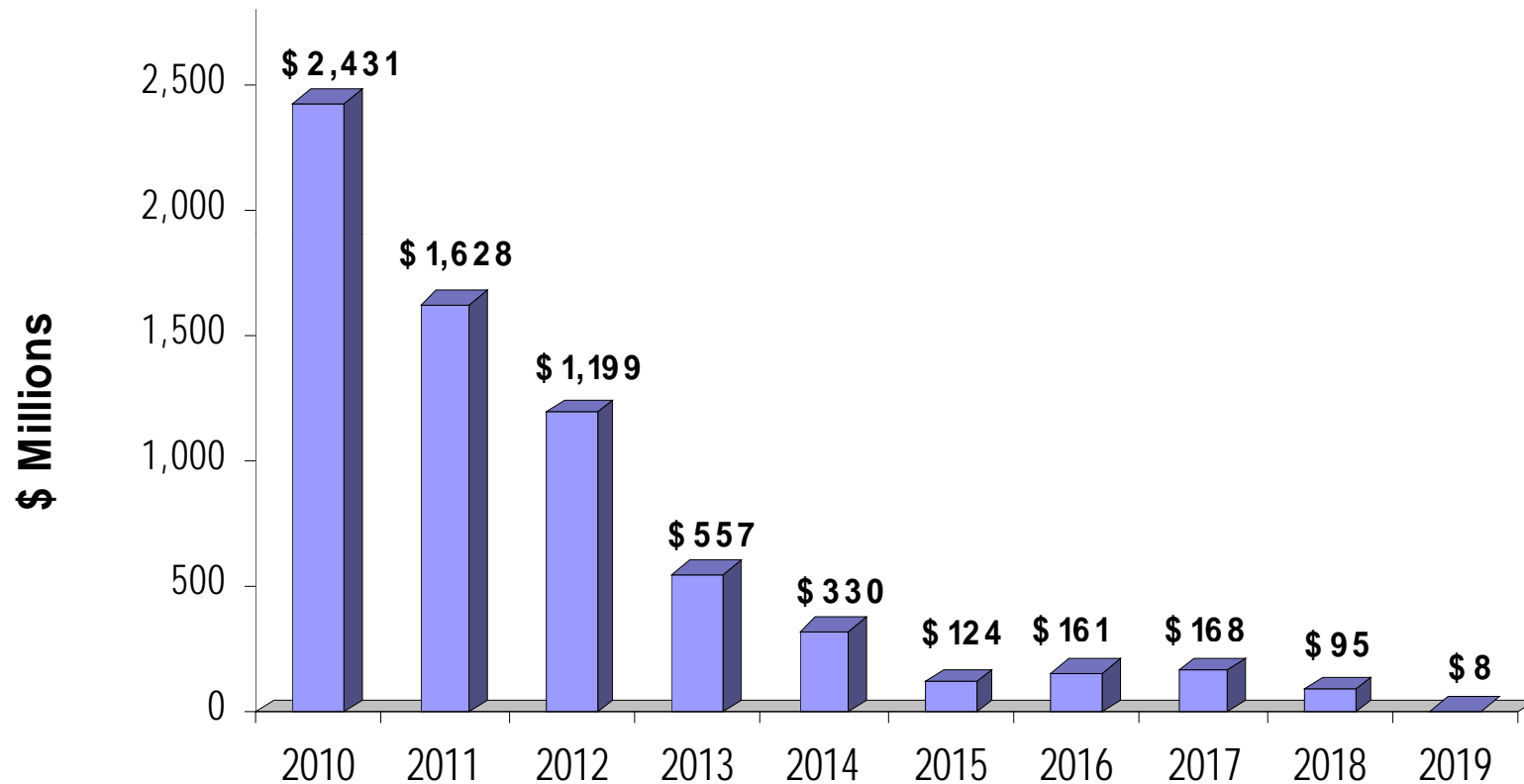


2010 Recommended Capital Budget Financing

\$2.431 Billion



Approval of the 2010 Rec'd Capital Budget of \$2.431 Billion Commits \$4.270 Billion in Future years



2010 – 2019 Debt / CFC Targets

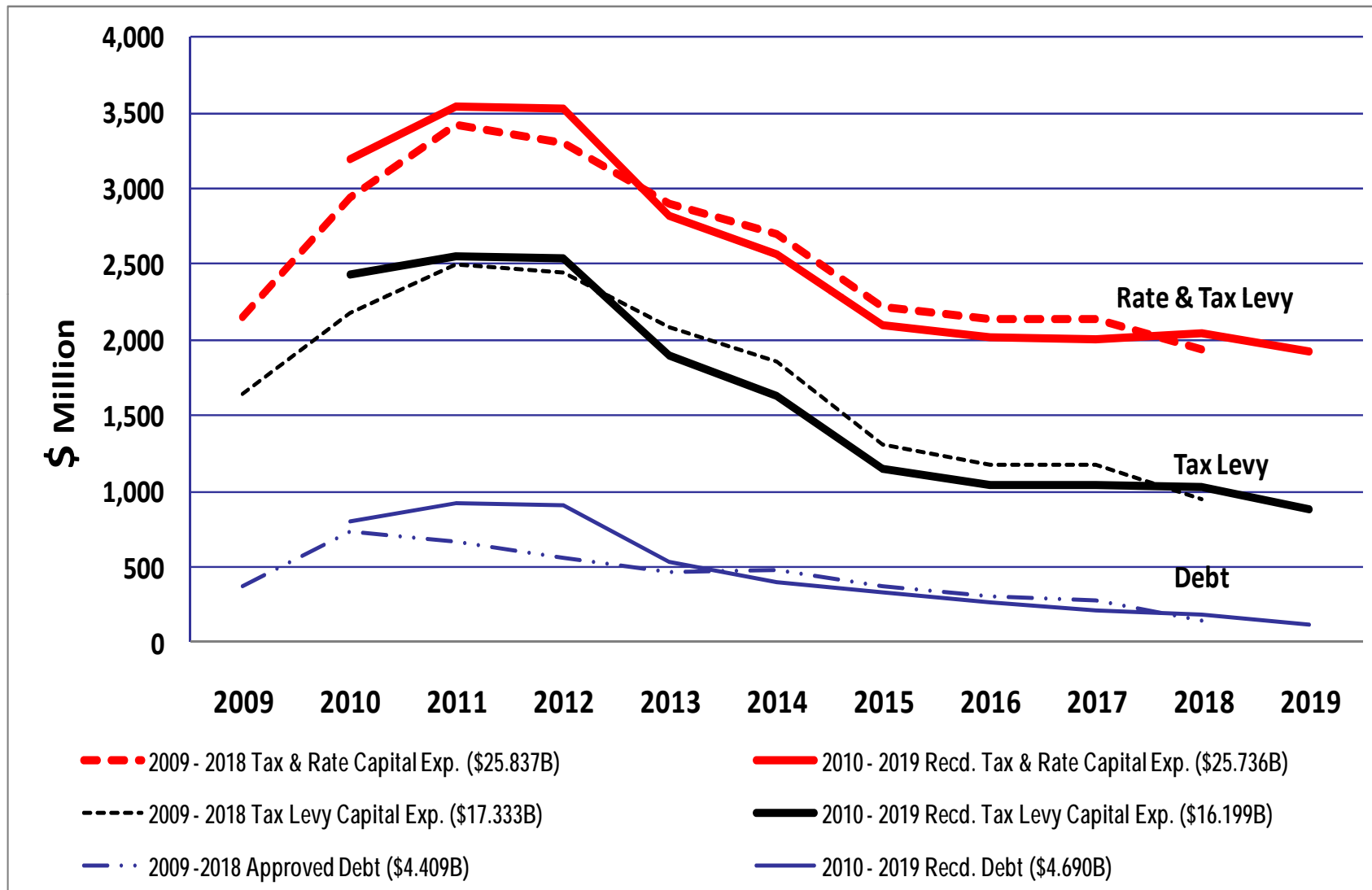
No New Debt Beginning in 2014

2010 - 2019 Capital Budget and Plan Debt Targets (\$ Million)								
	2009 Council Approved Debt/CFC	2010	2011	2012	2013	2014	2015 - 2019	2010 - 2019 Debt / CFC
Baseline Debt (Retire / Reissue)	225	260	200	0	120	228	2,024	2,832
New Debt:								
TTC (includes Spadina)	200	470	523	393	281	193	522	2,382
City Programs and Other ABCs	40	181	135	247	87	(35)	(1,434)	(819)
Total New Debt	240	651	658	640	368	158	(912)	1,563
Total Debt (for issuance)	465	911	858	640	488	386	1,112	4,395
Capital from Current (CFC)	150	165	182	200	220	242	1,589	2,598
Total Debt & CFC	615	1,076	1,040	840	708	628	2,701	6,993

\$313 Million of Additional Debt Accommodated In the Plan

\$ Million	2010 Capital Budget				2011 - 2019				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'	194	81	73	8	1,005	666	647	19	1,199	747	720	27
Citizen Centred Services 'B'	380	309	309	0	2,294	2,026	2,026	0	2,674	2,335	2,335	0
Internal Services	178	80	73	7	1,394	503	481	22	1,572	583	554	29
Other City Programs	185	55	52	3	678	191	159	32	863	246	211	35
Total City Operations	937	525	507	18	5,371	3,386	3,313	73	6,308	3,911	3,820	91
ABCs Excluding TTC	177	113	100	13	1,001	677	690	(13)	1,178	790	790	0
Total Tax Supported Excl. TTC	1,114	638	607	31	6,372	4,063	4,003	60	7,486	4,701	4,610	91
Toronto Transit Commission	1,317	330	470	(140)	7,396	2,275	1,913	362	8,713	2,605	2,383	222
Total	2,431	968	1,077	(109)	13,768	6,338	5,916	422	16,199	7,306	6,993	313

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 public benefit resulting from the expenditure

- 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

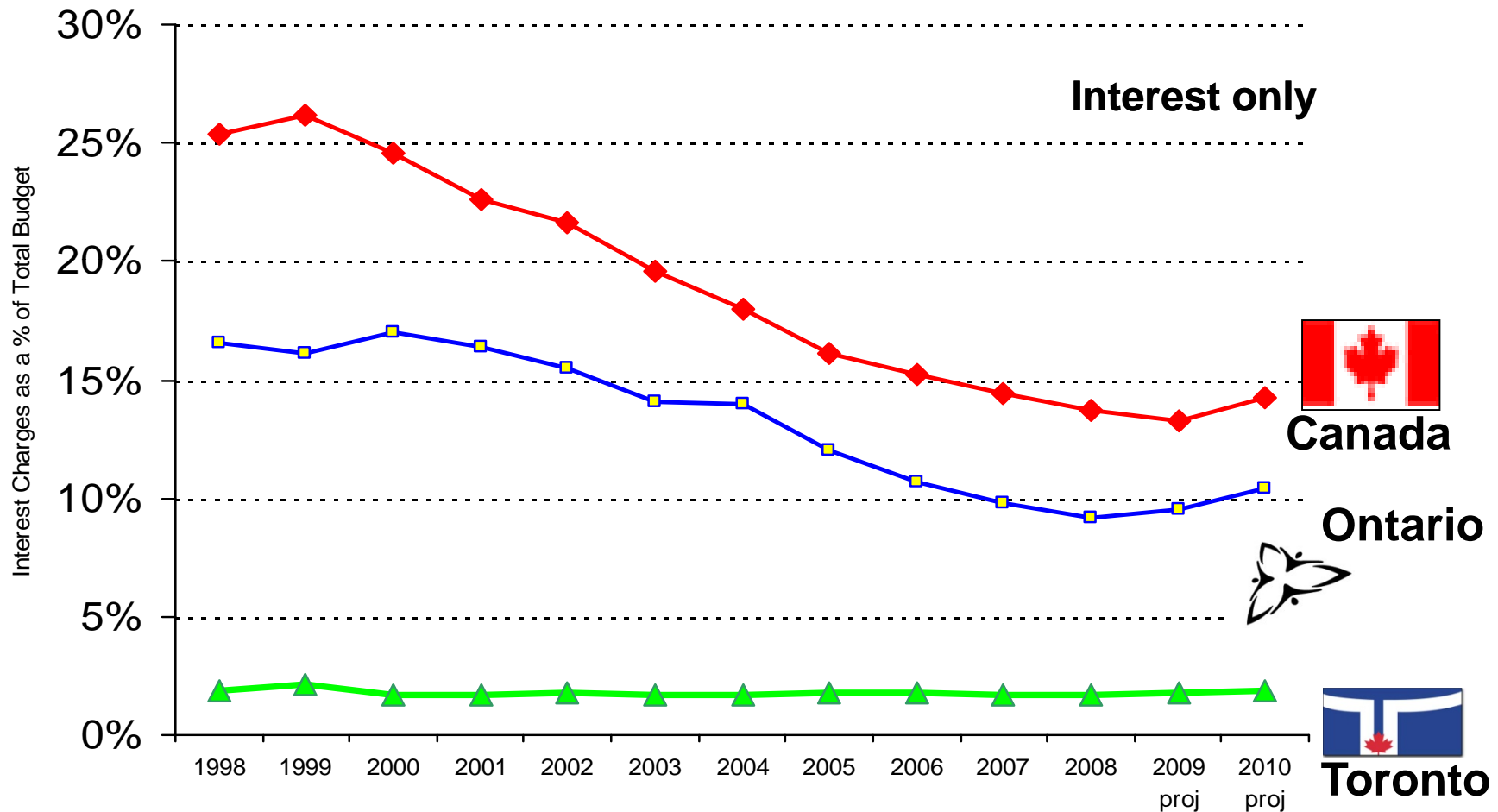
Mayor's Fiscal Review Panel

- 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

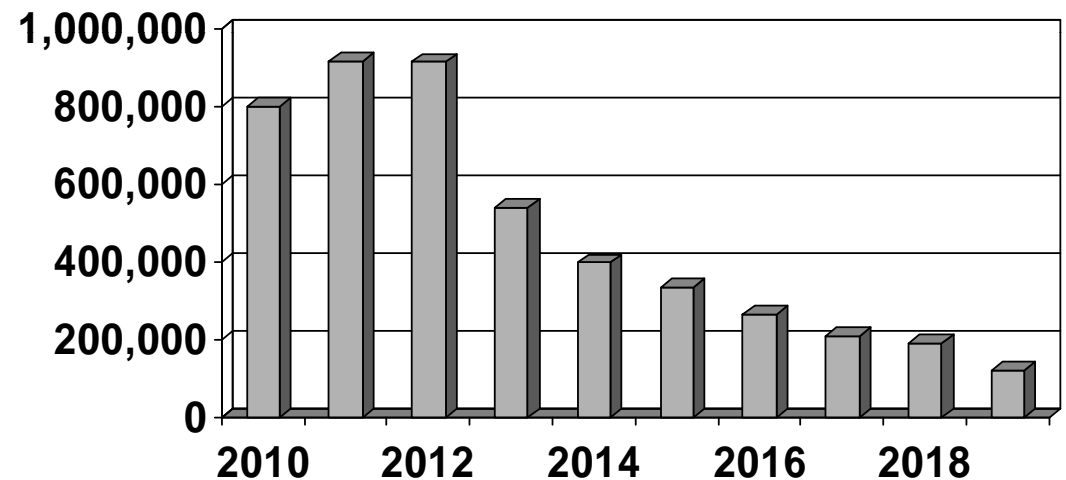


Source: Federal Fiscal Reference Table & Update of Economic and Fiscal Projections Sep 2009
 Ontario Economic Outlook & Fiscal Review Oct 2009
 City of Toronto budgets

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

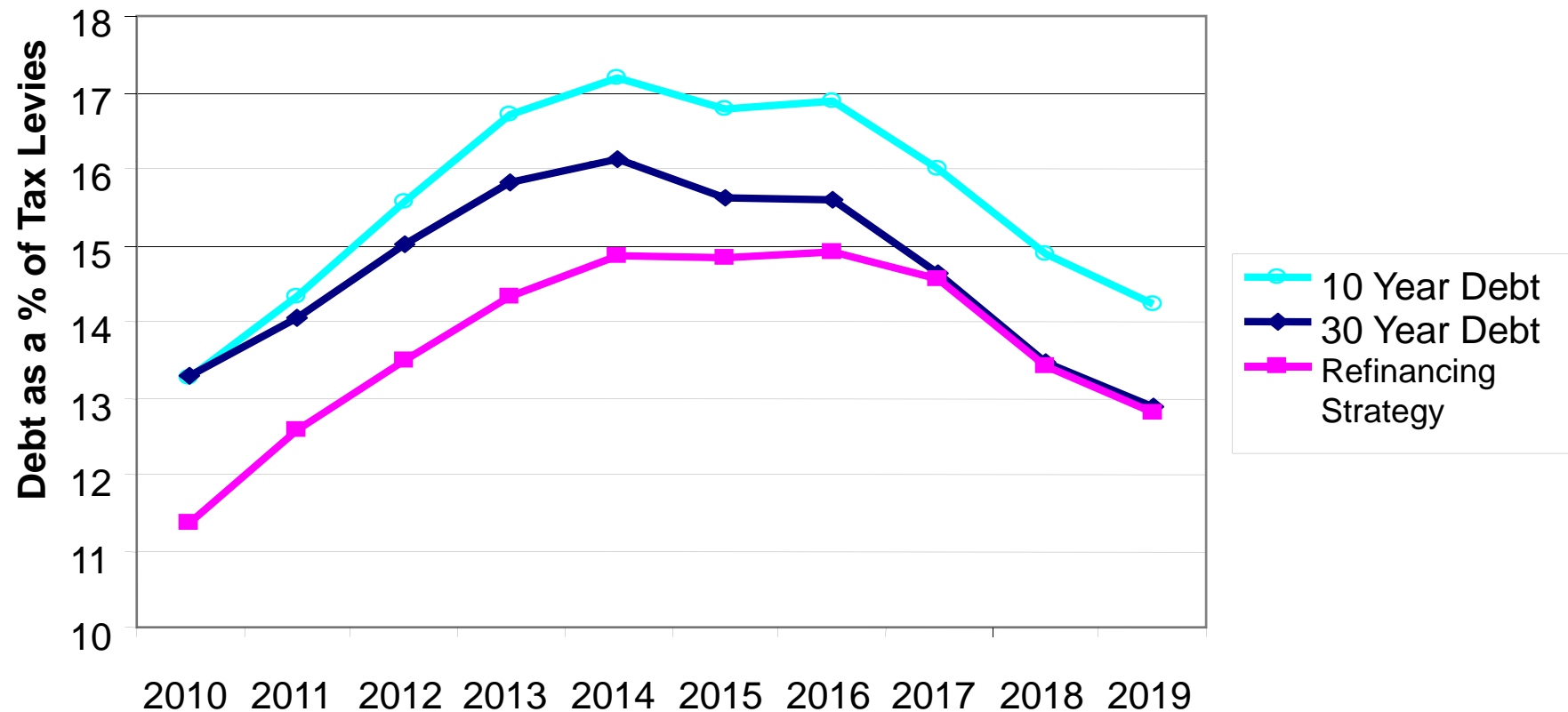
2010 Debt Finaning Forecast



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 & Promissory Note Proceeds

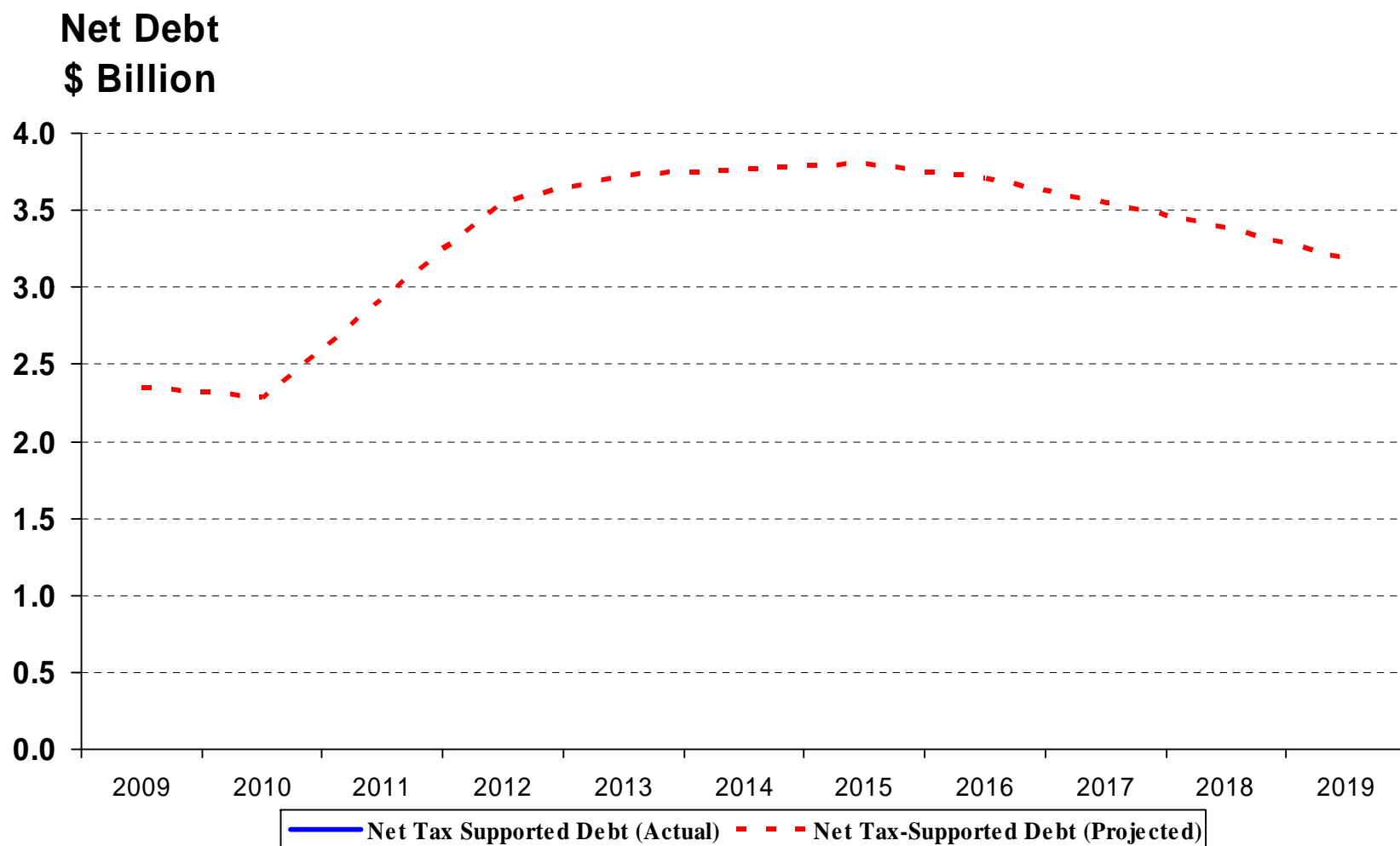


Impact of Debt Restructuring on Annual Debt Charges

Impact of Debt Restructuring on Annual Debt Charges

\$ Million	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Charges - Traditional 10 Year Financing	467	519	581	641	679	683	707	689	660	649
Debt Charges - Utilize 30 Year Debt and Apply \$600 million of Promissory Note to Pay Down Debt	400	456	503	549	587	603	624	628	594	579
Reduction in Debt Charges	(67)	(63)	(78)	(92)	(92)	(80)	(83)	(61)	(66)	(70)

Tax Supported Cumulative Net Debt



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 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

