



City Budget
2012

Facilities Management and Real Estate Capital Budget Analyst Notes

The City of Toronto's budget is presented by program and service, in Analyst Note format. The City's Capital Budget funds major infrastructure.

2012–2021 Capital Program

2012 CAPITAL BUDGET ANALYST BRIEFING NOTES BUDGET COMMITTEE NOVEMBER 28, 2011

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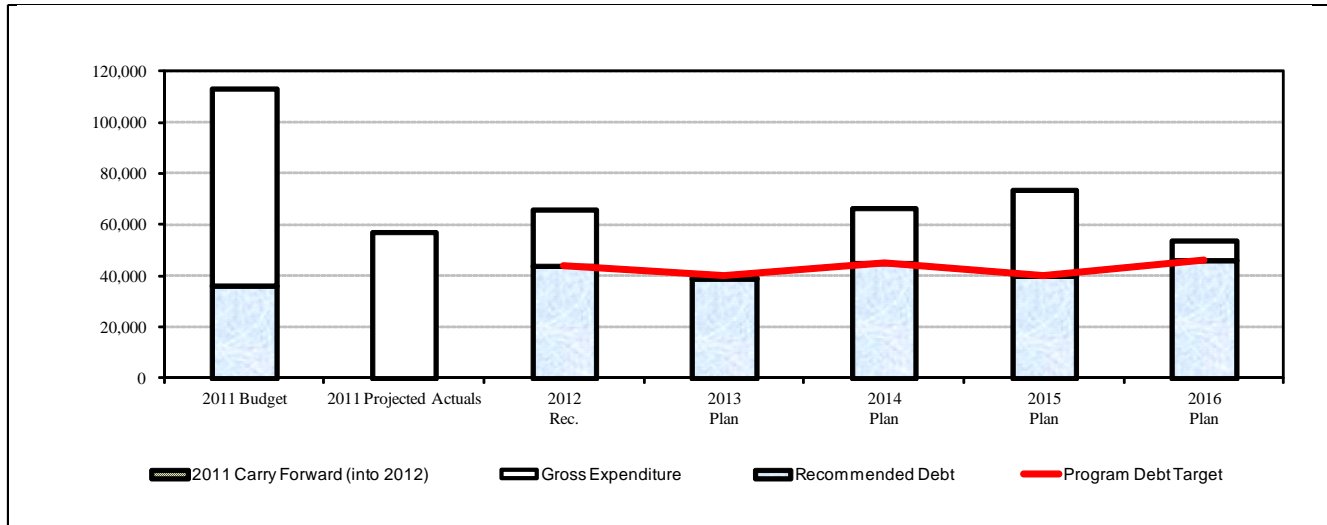
PART I: RECOMMENDATIONS

The City Manager and Chief Financial Officer recommend that:

1. Council approve the 2012 Recommended Capital Budget for Facilities Management and Real Estate with a total project cost of \$23.207 million, and 2012 cash flow of \$65.918 million and future year commitments of \$92.655 million comprised of the following:
 - a) New Cash Flow Funding for:
 - i) 35 new/change in scope sub-projects with a 2012 total project cost of \$23.207 million that requires cash flow of \$21.217 million in 2012 and a future year commitment of \$1.590 million in 2013; and \$0.400 million in 2014;
 - ii) 79 previously approved sub-projects with a 2012 cash flow of \$44.701 million and a future year commitment of \$16.357 million in 2013; \$31.618 million in 2014; \$34.631 million in 2015 and \$8.059 million in 2016;
2. Council approve new debt service costs of \$0.424 million in 2012 and incremental debt costs of \$2.307 million in 2013; \$0.179 million in 2014 and \$0.043 million in 2015 be included in the 2012 and future year operating budgets;
3. Council approve the 2012–2020 Recommended Capital Plan for Facilities Management and Real Estate totaling \$375.259 million in project estimates, comprised of \$21.420 million in 2013; \$34.272 million in 2014; \$39.031 million in 2015; \$45.488 million in 2016; \$54.272 million in 2017; \$63.092 million in 2018; \$39.228 million in 2019; \$39.228 million in 2020 and \$39.228 million in 2021; and
4. Council consider operating impacts of \$0.042 million in 2013 and \$0.097 million in 2014 emanating from the approval of the 2012 Recommended Capital Budget for inclusion in future year operating budgets.

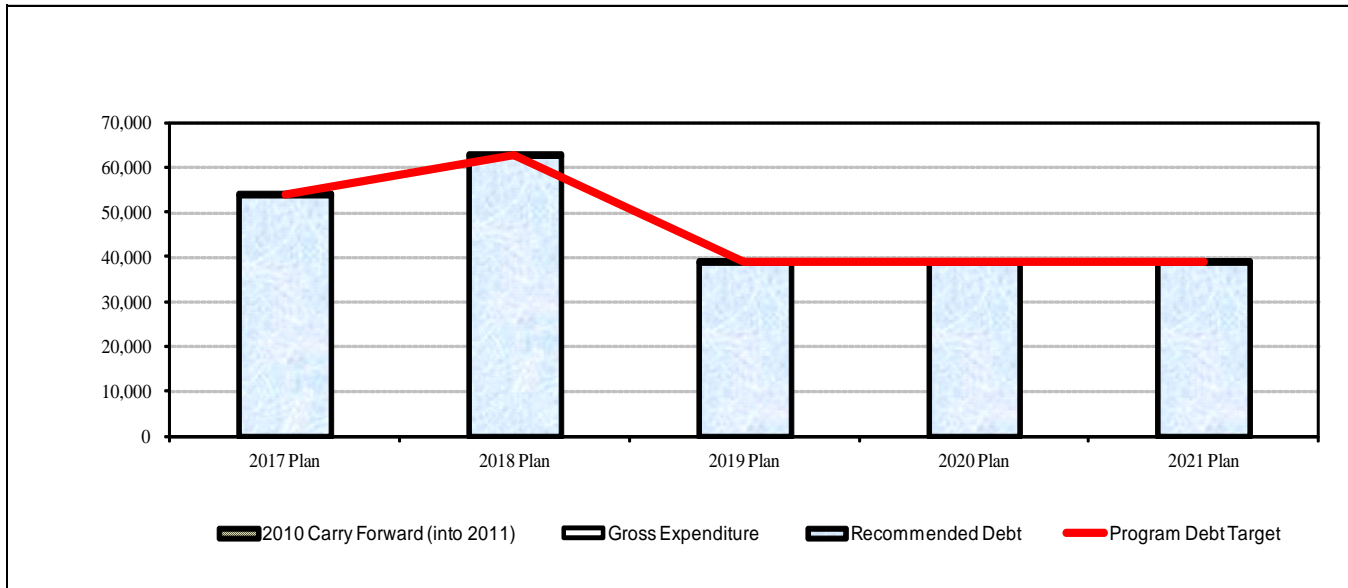
PART II: 2012 – 2021 CAPITAL PROGRAM

10-Year Capital Plan 2012 Recommended Budget, 2013–2016 Recommended Plan (In \$000s)



	2011		2012 Rec. Budget and 2013-2016 Plan					5-Year Total	
	Budget	Projected Actual	2012	2013	2014	2015	2016		2012-2016
Gross Expenditures:									
2011 Capital Budget & Approved FY Commitments	113,488	57,267	68,052	38,899	24,315	2,800	1,300	135,366	45%
Recommended Changes to Approved FY Commitments			(23,351)	(22,542)	7,303	31,831	6,759		N/A
2012 New/Change in Scope and Future Year Commitments			21,217	1,590	400			23,207	8%
2013 - 2016 Capital Plan Estimates				21,420	34,272	39,031	45,488	140,211	47%
1-Year Carry Forward to 2012		0							
Total Gross Annual Expenditures & Plan	113,488	57,267	65,918	39,367	66,290	73,662	53,547	298,784	100%
Program Debt Target	36,391		44,021	40,051	44,872	40,159	46,016	215,119	
Financing:									
Recommended Debt	36,391		43,936	38,895	44,872	40,159	46,016	213,878	72%
Reserves/Reserve Funds	19,345		17,102		400	3,125		20,627	7%
Development Charges			150					150	0%
ISF	876								
Provincial/Federal	4,850		270					270	0%
Other Revenue	52,026		4,460	472	21,018	30,378	7,531	63,859	21%
Total Financing	113,488		65,918	39,367	66,290	73,662	53,547	298,784	100%
By Project Category:									
Health & Safety	3,253		4,529	2,657	4,750	7,056	4,255	23,247	8%
Legislated	987		499	1,100	2,852	501	681	5,633	2%
SOGR	67,380		49,698	30,167	32,670	28,629	38,988	180,152	60%
Service Improvement	26,375		7,192	5,408	24,608	36,137	9,623	82,968	28%
Growth Related	15,492		4,000	35	1,410	1,339	0	6,784	2%
Total By Project Category	113,487		65,918	39,367	66,290	73,662	53,547	298,784	100%
Asset Value - end of each year (\$)		3,000,029	3,000,029	3,000,029	3,000,029	3,000,029	3,000,029		
Yearly SOGR Backlog Estimate (not addressed by current plan)			(24,845)	(19,725)	(18,994)	(17,695)	(13,376)		
Accumulated Backlog Estimate (end of year)		258,282	233,437	213,712	194,718	177,023	163,647		
Backlog: Percentage of Asset Value (%)		8.6%	7.8%	7.1%	6.5%	5.9%	5.5%		
Debt Service Costs			265	5,949	8,095	9,314	9,506	33,128	
Operating Impact on Program Costs				42	97			139	
New Positions									

10-Year Capital Plan 2017–2021 Recommended Plan (In \$000s)



2017 - 2021 Capital Plan							
	2017	2018	2019	2020	2021	2012-2021	10-Year Total Percent
Gross Expenditures:							
2011 Capital Budget & Approved FY Commitments						135,366	25%
Recommended Changes to Approved FY Commitments						23,207	4%
2012 New/Change in Scope and Future Year Commitments						375,259	70%
2017 - 2021 Capital Plan Estimates	54,272	63,092	39,228	39,228	39,228	375,259	
Total Gross Annual Expenditures & Plan	54,272	63,092	39,228	39,228	39,228	533,832	100%
Program Debt Target	53,800	62,620	38,756	38,756	38,756	447,807	
Financing:							
Recommended Debt	53,800	62,620	38,756	38,756	38,756	446,566	84%
Reserves/Reserve Funds						20,627	4%
Development Charges						150	0%
ISF							
Provincial/Federal						270	0%
Other Revenue	472	472	472	472	472	66,219	12%
Total Financing	54,272	63,092	39,228	39,228	39,228	533,832	100%
By Project Category:							
Health & Safety	7,854	7,210	10,099	8,742	1,632	58,784	11%
Legislated	2,730	1,069	2,577	2,109	234	14,352	3%
SOGR	42,188	53,513	24,552	28,124	37,362	365,891	69%
Service Improvement	1,500	1,300	2,000	253		88,021	16%
Growth Related						6,784	1%
Total By Project Category	54,272	63,092	39,228	39,228	39,228	533,832	100%
Asset Value - end of each year (\$)	3,000,028	3,000,028	3,000,028	3,000,028	3,000,028		
Yearly SOGR Backlog Estimate (not addressed by current plan)	(14,721)	(14,459)	(10,194)	(10,103)	(16,884)		
Accumulated Backlog Estimate (end of year)	163,647	148,926	134,467	124,273	114,170	97,286	
Backlog: Percentage of Asset Value (%)	5.5%	5.0%	4.5%	4.1%	3.8%	3.2%	
Debt Service Costs	6,010	7,021	7,490	4,931	4,931	63,512	
Operating Impact on Program Costs						139	
New Positions							

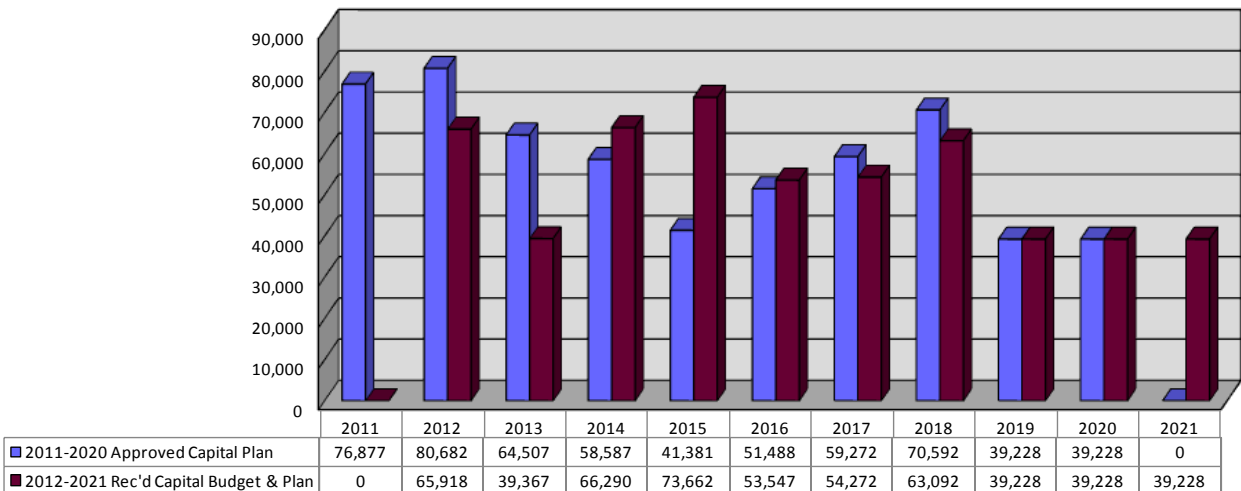
10–Year Capital Plan Overview

- The 2012 Recommended Capital Budget and 2013–2021 Recommended Capital Plan focuses on addressing Facilities Management and Real Estate’s core portfolio of state of good repair (SOGR) and essential life cycle replacement projects so that all users of City facilities can enjoy safe and functional environments.
- The 10–year Recommended Capital Plan totals \$533.832 million, excluding carry forward funding; of which \$298.784 million or 56% is projected for the first five years and \$235.048 million or 44% is required in the second five years.
- The 10–Year Recommended Capital Plan, excluding carry forward funding, totals \$533.832 million of which \$446.566 million or 84% is funded by debt. The remaining funding consists of funding from recoverable debt of \$46.011 million or 9%, reserves and reserve funds of \$20.627 million or 3.5%, and other sources of revenue of \$20.628 million or 3.5%.
- The total debt affordability target for the FMRE Capital Program is \$447.807 million. The Program has met the debt target in each of the years, with the exceptions of 2012 and 2013 where the Program is below the debt target by \$0.085 million in 2012 and \$1.156 million in 2013.
- 69% or \$365.891 million over the 10–year planning horizon is allocated to projects that maintain assets in a state of good repair and include over 100 projects in various project groupings that focus on the type of capital maintenance required (structural maintenance, re–roofing, site work, etc.).
- The corporate facilities portfolio has a replacement value of approximately \$3.0 billion for approximately 283 buildings (including all civic centres) with 9,818,841 sq. feet of space.
- By the end of 2011, there will be an estimated \$258.282 million in state of good repair (SOGR) backlog. The backlog, as a percentage of total asset value is 8.6%. The 2012 Recommended Capital Budget and 2013–2021 Recommended Capital Plan provides sufficient funding to reduce the SOGR backlog by 59% over the 10 years to a balance of \$97.286 million in 2021, representing 3.2% of total asset value.
- The 10–Year Recommended Capital Plan will impact future year Operating Budgets for Facilities Management and Real Estate by a total of \$0.139 million net over the ten–year period. These impacts are attributed to on–going maintenance of new information technology systems being implemented.
- The 2012 Recommended Capital Budget for Facilities Management and Real Estate totals \$65.918 million. \$41.004 million of the funding is dedicated to structural,

mechanical, electrical and other repairs to keep the City's 283 buildings in a state of good repair.

Key Changes to the 2011 – 2020 Approved Capital Plan

**Changes to the 2011–2020 Approved Capital Plan
(In \$000s)**



- The 2012 Recommended Capital Budget and 2013–2021 Capital Plan reflects a decrease of \$10.361 million compared to the 2011–2020 Approved Capital Plan.
- The major changes to the 2011–2020 Approved Capital Plan are outlined below:
 - Cash flow funding has been adjusted for the St. Lawrence Market North Redevelopment project to reflect revised construction timeline estimates. The St. Lawrence Market North redevelopment was scheduled to begin construction in 2011 with substantial completion in 2014. This has been revised to 2013 to 2016 due to delays in finalizing the design of the building.
 - The Toronto Public Health project (1115 Queen/Lisgar) has been accelerated into 2012 and 2013 from 2015 and 2016.
 - The Albert Campbell Square Rehabilitation is a new \$1.900 million project. There is also a related \$0.360 million project to convert the skate change rooms into bicycle change rooms. Both are funded from Section 37 funds with projected completion in 2014.
 - Renovation of St. Lawrence Market South is a new \$1.260 million project funded from debt. This project will create approximately 4,000 square feet of prime rentable street frontage space.

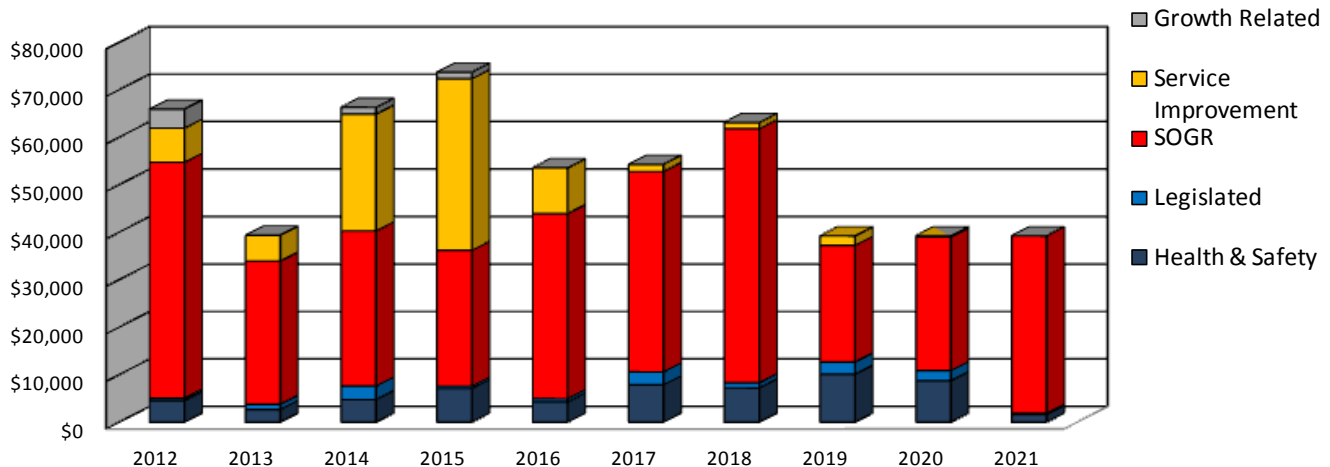
- Changes to the West District Plan result from cancellation of the plan to replace the Etobicoke Civic Centre. Cancellation of this \$67.100 million project made funds available for significant reinvestment in state of good repair for the Etobicoke Civic Centre – \$27.800 million and 2 Civic Centre Court – \$9.000 million.
- Details of changes to project cash flows funding reflecting the 2012 – 2021 recommended Capital Plan are noted below:

Summary of Project Changes
(In \$000s)

Key Projects	Total Project Cost	2012	2013	2014	2015	2016	2017	2018	2019	2020	2012 - 2020	Revised Total Project Cost
TPH Office 1115 Queen /45 Lisgar	1,500	1,200	300		(1,200)	(300)					0	1,500
Redevelopment of St. Lawrence Market North	74,890	(23,409)	(23,984)	7,303	33,031	7,059					0	74,890
150 Borough Drive - Albert Campbell Square Park Rehabilitation (New)	1,900	1,900									1,900	1,900
St. Lawrence Market South - Renovations (New)	1,260	1,260									1,260	1,260
Etobicoke Civic Centre - SOGR	27,800			1,000	2,300	4,000	7,000	13,500			27,800	27,800
2 Civic Centre Court - SOGR	9,000					2,000	3,000	4,000			9,000	9,000
NPS Revitalization - Streetscape Improvements	5,000	5,000									5,000	5,000
West District Plan (New ECC)	67,100			(1,000)	(2,300)	(11,000)	(20,000)	(32,500)			(66,800)	(66,500)
Various		(715)	(1,456)	400	450	300	5,000	7,500			11,479	22,958
Total	188,450	(14,764)	(25,140)	7,703	32,281	2,059	(5,000)	(7,500)	0	0	(10,361)	77,808

2012 – 2021 Recommended Capital Plan

2012–2021 Capital Plan by Project Category
(In \$000s)



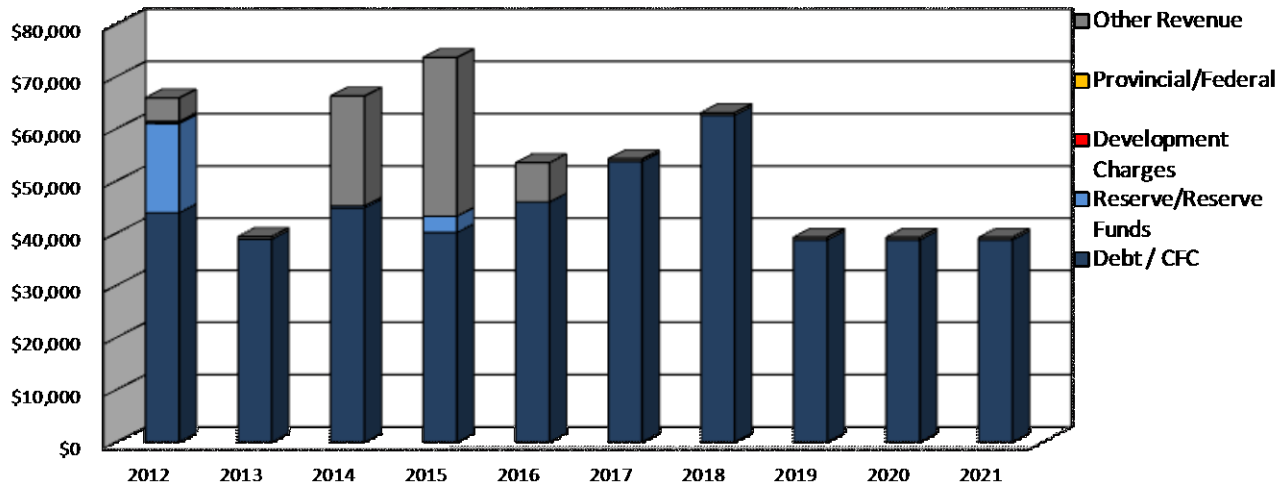
- The 10–Year Recommended Capital Plan allocates significant financial resources to State of Good Repair (SOGR) projects to address the renewal needs of aging and deteriorating infrastructure. Projects that maintain assets in a state of good repair represent 69% or \$365.891 million and includes over one hundred projects in various project groupings that focus on the type of capital maintenance required (structural maintenance, re-roofing, site work, etc.).
 - \$180.152 million in funding recommended for SOGR projects for 2012–2016 represents 49.2% of the 10–year Recommended Capital Plan. In addition to ongoing structural/mechanical repairs, Nathan Phillips Square Rehabilitation will require \$19.977 million and Old City Hall refurbishments will require \$20.230 million, in the first 5 years.
 - \$185.739 million in SOGR funding recommended for 2017–2021 includes ongoing structural/mechanical repairs and renovations. Other significant SOGR work in the second 5 years will include: Union Station SOGR in the amount of \$25.000 million, West Yards upgrades in the amount of \$10.000 million and Etobicoke Civic Centre repairs in the amount of \$20.500 million.
- Service Improvement projects represent approximately 16% or \$88.021 million of the projects included in the 10–Year Recommended Capital Plan.
 - Service improvement projects total \$82.968 million or 28% in the first five years of the 10–Year Recommended Capital Plan. Most of the funding, or \$60.636 million is for the redevelopment of St. Lawrence Market North which is expected to be completed by 2016. Other significant projects include the Corporate Facilities

Refurbishment Program in the amount of \$5.362 million, the refurbishment of 1115 Queen W / 45 Lisgar (Toronto Public Health) totalling \$1.500 million and CCTV Infrastructure Enhancements in the amount of \$7.300 million.

- Service improvement projects decrease significantly in the second five years to \$5.053 million or 5.7% of the total Capital Plan funding. The Corporate Facilities Refurbishment Program continues in the second five year with funding in the amount of \$1.800 million, along with various, small scale renovation projects totalling \$3.253 million.
- Health and Safety projects account for 11% or \$58.784 million of the projects included in the 10–Year Recommended Capital Plan.
 - \$23.247 million or 8% is provided for Health and Safety Projects in the first 5 years of the 2012–2021 Recommended Capital Plan. Funding is provided for structural restoration of the Silos at 5 Bathurst Street. In addition, \$10.390 million is provided for Emergency Repairs. This funding is unallocated and is provided to meet emergent issues arising on an annual basis.
 - \$35.537 million or 15.1% is allocated to Health and Safety projects in the second 5 years of the 2012–2021 Recommended Capital Plan. Projects include: funding for repairs at 703 Don Mills in the amount of \$5.157, \$2.224 million for fire alarm and elevator upgrades at Old City Hall and \$8.822 million in Emergency Repairs.
- Legislated projects account for 2.7% or \$14.352 million of the 10–Year Recommended Capital Plan. The funding addresses Provincially or Federally legislated capital repairs such as designated substances and environmental remediation.
 - \$5.633 million or 2% is included in the first 5 years of the 2012–2021 Recommended Capital Plan. Projects include \$2.950 million for Backflow Preventors for Domestic Cold Water System at various locations and various Environmental Survey and Remediation projects in the amount of \$1.502 million.
 - \$8.719 million or 3% is included in the second five years. Projects include: the continuation of Environmental Remediation projects in the amount of \$2.000 million) and various mechanical and electrical repair at various facilities to meet legislated requirements, totaling \$4.918 million.
- Growth related projects account for 1.3% or \$6.784 million of the 10–Year Recommended Capital Plan.
 - All growth related projects are included in the first five years of the 10–Year Recommended Capital Plan. Projects include \$4.000 million for site preparation work at Westwood; \$0.488 million for new public washrooms at 91 Front St. and

design work for a proposed expansion at 86 Blake Street in the amount of \$2.296 million.

2012–2021 Capital Plan by Funding Source
(In \$000s)



- Facilities Management and Real Estate’s 10–Year Recommended Capital Plan is primarily funded by debt, which accounts for \$446.556 million or 83.7% of the \$533.832 million in financing for the 2012–2021 Recommended Capital Plan. This is below the 10–year debt affordability target of \$447.807 set for Facilities Management and Real Estate.
 - Debt for the first 5 years totals \$213.878 million or 71.5% of total funding for the period. This is significantly below historic debt levels as a result of the inclusion of the non–debt funded project, the St. Lawrence North Market Expansion. The Recommended Plan for the first 5 years is below the debt affordability target by \$1.241 million.
 - Debt for the second 5 years of the Recommended Capital Plan totals \$232.688 million or 98.9% of the total funding for the period. The 2012–2021 Recommended Plan meets the debt affordability target in each year of the second five years.
- Reserves and reserve funds are recommended to fund \$20.627 million or 3.9% of the 10–Year Recommended Capital Plan. All reserve funding is allocated in the first 5 years of the 10–Year Recommended Capital Plan period.
 - The Nathan Phillips Square project is partially funded from the Capital Financing Reserve in the amount of \$3.926 million; the Land Acquisition Reserve in the amount of \$3.926 million and the Public Realm Reserve in the amount of \$5.000 million.

- There is also funding for the redevelopment of St. Lawrence Market North of \$3.125 million and \$0.400 million for moving costs from the Provincial Offences Court Stabilization Reserve.
- The Land Acquisition Reserve Fund will fund the remediation of Westwood Lands in the amount of \$4.000 million and the repair of the Western Gap Break-wall in the amount of \$0.250 million.
- Other sources of revenue total \$66.219 million or 12% of the financing for the 10–Year Recommended Capital Plan period.
 - \$63.859 million is provided in the first five years of the 10–Year Recommended Capital Plan.
 - \$46.011 million is recoverable debt from future revenue streams for the St. Lawrence Market North Expansion/Renovation. In addition \$11.500 million will be provided from the Toronto Parking Authority as a contribution to the parking areas at the St. Lawrence Market North project.
- In addition \$0.150 million is funded from Development Charges for the Central Eglinton Community Centre and \$0.270 million of provincial funding is included to conduct space studies at Old City Hall.

Summary of Major Capital Initiatives by Category (In \$000s)

	Total Project Cost	2012 Rec. Budget	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2012-2021 Total
State of Good Repair (incl. Leg.)												
Union Station SOGR						5,000	5,000	5,000	5,000	5,000	5,000	30,000
West Yards Critical SOGR		1,636	1,094	1,700	2,450	2,300	2,000	2,000	2,000	2,000	2,000	19,180
Etobicoke Civic Centre SOGR				1,000	2,300	4,000	7,000	13,500				27,800
2 Civic Centre Court - SOGR						2,000	3,000	4,000				9,000
Various West District Facilities SOGR							5,000	7,500				12,500
Old City Hall Revitalization - HVAC and Electrical Upgrades		3,159	8,588	8,483								20,230
Nathan Phillips Square		17,041	2,936									19,977
Multiple SOGR Projects - Various Groupings												0
Mechanical and Electrical		16,236	7,649	9,036	9,558	10,498	11,302	11,128	8,095	12,899	10,890	107,291
Structural/Building Envelope		4,058	3,319	4,029	5,349	9,634	2,140	4,437	1,698	2,932	7,842	45,438
Renovations		5,013	5,871	4,107	3,399	3,960	2,589	2,401	2,328	2,757	3,505	35,930
Other		2,555	710	4,315	5,573	1,596	4,157	3,547	5,431	2,536	8,125	38,545
Sub-Total		49,698	30,167	32,670	28,629	38,988	42,188	53,513	24,552	28,124	37,362	365,891
Service Improvements												
Redevelopment of St. Lawrence Market North				20,946	33,031	7,059						61,036
Other Service Improvements		7,192	5,408	3,662	3,106	2,564	1,500	1,300	2,000	253		26,985
Sub-Total		7,192	5,408	24,608	36,137	9,623	1,500	1,300	2,000	253	0	88,021
Growth Related												
86 Blake St. - Proposed Expansion Design, drawings			35	1,366	895							2,296
Other growth related		4,000		44	444							4,488
Sub-Total		4,000	35	1,410	1,339	0	0	0	0	0	0	6,784
Legislated												
Other legislated		499	1,100	2,852	501	681	2,730	1,069	2,577	2,109	234	14,352
Sub-Total		499	1,100	2,852	501	681	2,730	1,069	2,577	2,109	234	14,352
Health & Safety												
Other Health and Safety		4,529	2,657	4,750	7,056	4,255	7,854	7,210	10,099	8,742	1,632	58,784
Sub-Total		4,529	2,657	4,750	7,056	4,255	7,854	7,210	10,099	8,742	1,632	58,784
Total		65,918	39,367	66,290	73,662	53,547	54,272	63,092	39,228	39,228	39,228	533,832

Major Capital Initiatives

- The 10–Year Recommended Capital Plan focuses on state of good repair for existing facilities to meet renewal needs for the City's aging infrastructure.

State of Good Repair (SOGR):

- The main objective of the 10–Year Recommended Capital Plan is to ensure that facilities are maintained in a state of good repair so that all users can enjoy safe and functional environments. \$365.891 million or 69% is allocated to various project groupings that focus on the types of capital maintenance required: structural, mechanical maintenance, renovations and electrical upgrades.
- These SOGR projects ensure that approximately 283 buildings and over 9 million square feet of space are maintained in a state of good repair.
- Major SOGR projects include:
 - Ongoing SOGR for Union Station. The Station currently undergoing a total revitalization which will be completed in 2016. Funding is provided in the second 5 years of the 10–Year Recommended Capital Plan period to ensure the facility is sufficiently maintained. Total funding of \$30.000 million is included for this purpose.

- Significant SOGR work is anticipated at Old City Hall. A total of \$20.230 million is included to upgrade the HVAC systems. Considerable SOGR work to the West Yards and various West District facilities requires \$31.680 million.
- The Etobicoke Civic Centre and 2 Civic Centre Court require significant work to bring them back to a state of good repair. The total cost is anticipated to be approximately \$36.800 million.
- The Nathan Phillips Square project modifications will be completed to meet functional requirements (such as green spaces and food requirements) and enable the hosting of a greater number and variety of public activities and special events (\$19.977 million).

Service Improvements:

- \$88.021 million or 16 % of the 10–Year Recommended Capital Plan is for Service Improvement projects.
 - Funding of \$60.636 million is included in the 10–Year Recommended Capital Plan for the redevelopment of St. Lawrence Market North which will result in a multi–purpose, multi–storey facility containing a public market at grade and compatible ancillary uses on a mezzanine overlooking the market hall, three levels of Provincial Offences Act traffic courts above grade, and three levels of parking below grade.
 - Other significant service improvement projects include the Corporate Facilities Refurbishment Program totaling \$7.162 million, renovations at 1115 Queen W / 45 Lisgar for the new Toronto Public Health facility in the amount of \$1.500 million and work on the CCTV Infrastructure Enhancement security upgrades totaling \$7.3 million.

Growth Related:

- The largest growth related project included in the 2012 Recommended Capital Budget and 2013–2021 Capital Plan is funding of \$4.000 million for the remediation and basic infrastructure of the Westwood Lands in order to prepare portions of the land for sale to third parties. Other growth related projects are \$0.488 million at 91 Front St. for new public washrooms and \$2.296 million for 86 Blake St.; proposed expansion design, drawings.

Health & Safety:

- Major Health and Safety projects include: \$19.212 million in Emergency Repairs, an annual program with funding for emergency and other unexpected facility repairs; Structural Restoration of the Silos at 5 Bathurst St. in the amount of \$2.755 million; \$5.157 million in repairs at 703 Don Mills including replacement of the rooftop air–

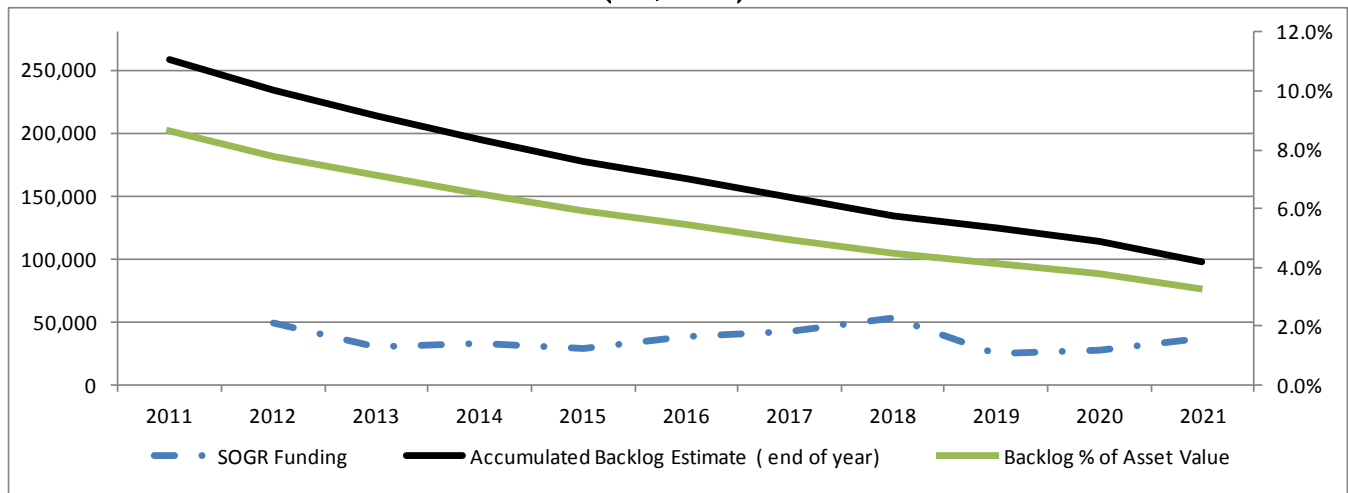
conditioning units, replacement of the chiller and piping and other mechanical / electrical projects; and \$2.224 million for fire alarm and elevator upgrades at Old City Hall.

Legislated:

- Major Legislated projects include: \$2.950 million for Backflow Preventers for Domestic Cold Water System at various locations and Environmental Survey and Remediation totaling \$1.502 million. Also included are projects to address substance and environmental issues, totaling \$2.000 million.

State of Good Repair (SOGR) Backlog

SOGR Funding & Backlog
(In \$000s)



- FM&RE is responsible for the maintenance of 283 buildings identified as corporate facilities, valued at approximately \$3.000 billion, covering 9,818,841 sq feet of space. Approximately 20% of City owned buildings are over 50 years old. In 10 years, 35% of the buildings will be over 50 years old.
- By 2011 year-end, the SOGR backlog will be an estimated \$258.282 million reflecting 8.6% of the total replacement value of \$3.000 billion.
- The 2012 Recommended Capital Budget and 2013–2021 Recommended Capital Plan provides sufficient funding to reduce the SOGR backlog by 59% over 10 years to a balance of \$97.286 million in 2021, representing 3.2% of total asset value.
- Over the next 10 years, major SOGR capital projects such as Union Station, Old City Hall HVAC, Etobicoke Civic Centre and West District SOGR, and the redevelopment of the St. Lawrence Market North that are being undertaken will result in growth in the asset value figures. Facilities Management and Real Estate is currently working to develop a consistent model for valuing and updating the value of facilities.
- The 10–Year Recommended Capital Plan includes scheduled life cycle replacements of major components that are at the end of their service life.
- The rate of facilities SOGR spending is less than industry standard of 2%–4% asset replacement value per year. To meet the industry standards, funding in the amount of \$60 million plus per year over the 10–Year Capital Plan would have to be dedicated to

SOCR. On average, the 2012–2021 Recommended Capital Plan provides approximately \$36.000 per year, based on the City's current debt affordability guidelines.

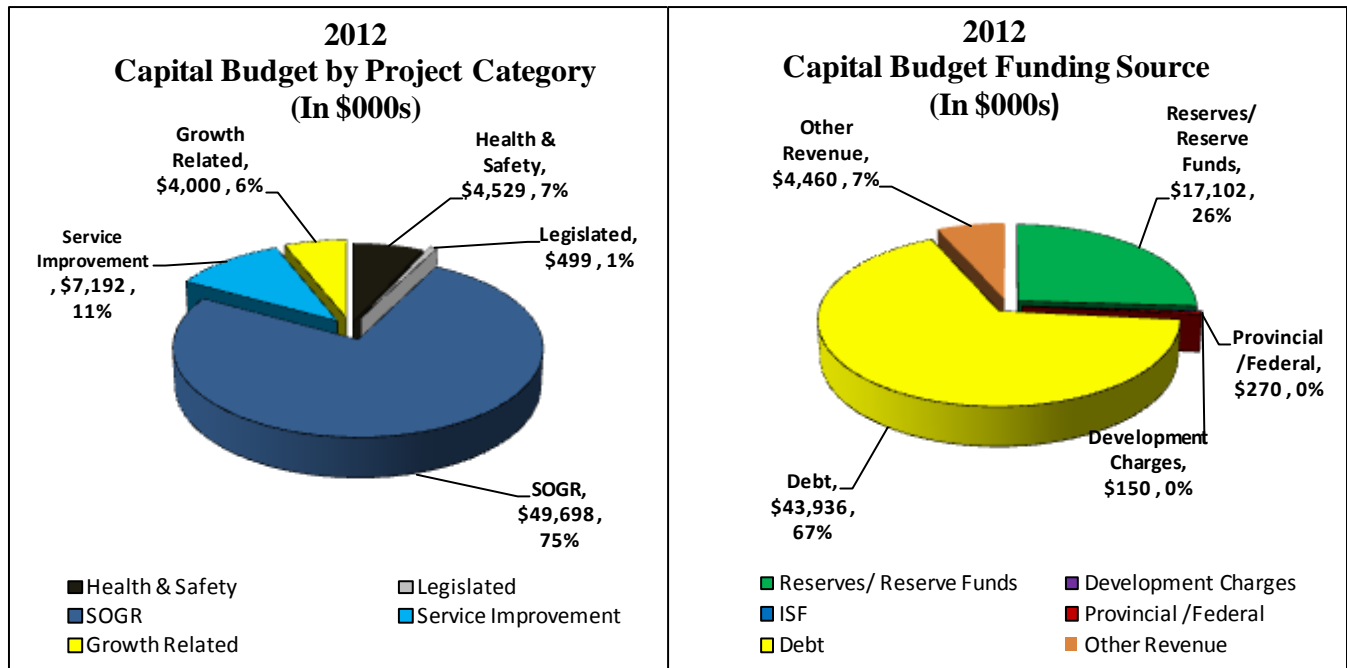
10–Year Capital Plan: Operating Impact Summary
(In \$000s)

	2012 Rec. Budget	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan	20201 Plan	2012- 2021 Total
2012 Recommended Capital Budget											
Program Cost (Net)	-	42	-	-	-	-	-	-	-	-	42
Approved Positions											-
Recommended 10-Year Capital Plan											
Program Cost (Net)		-	97	-	-	-	-	-	-	-	97
Approved Positions											-
Total											
Program Net	-	42	97	-	-	-	-	-	-	-	139
Approved Positions	-	-	-	-	-	-	-	-	-	-	-

- The 10–Year Recommended Capital Plan will impact future year Operating Budgets for Facilities Management and Real Estate by a total of \$0.139 million net over the ten–year period. The incremental net operating costs outlined above include the following:
 - \$0.042 million net will be required in 2013 for server, database and software maintenance of the Facilities Preventive Maintenance System an information technology project that focuses on business process redesign, rationalization and improving accountability through the effective implementation of SAP technology to assist with the core businesses of FM&RE. A further \$0.097 million will be needed in 2014.

PART III – 2012 RECOMMENDED CAPITAL BUDGET

2012 Capital Budget by Project Category and Funding Source



- The 2012 Recommended Capital Budget, excluding funding carried forward from 2011 to 2012, requires new cash flow funding of \$65.918 million.
- Significant State of Good Repair funding is provided in the 2012 Recommended Capital Budget in order to maintain the City's facilities as \$49.698 million or 75.4% is allocated to State of Good Repair projects. On-going structural and mechanical/electrical repairs require \$22.152 million and SOGR for Nathan Phillips Square requires \$17.041 million.
- Service Improvement projects represent 10.9% or \$7.192 million of the 2012 Recommended Capital Budget. This includes design work at the Westwood Theatre site (\$4.000 million) and the City Hall Window Replacement/Upgrade project (\$1.900 million).
- Health and Safety projects comprise \$4.529 million or 7% of the 2012 Recommended Capital Budget. This is primarily for emergency project funding to meet emergent health and safety issues arising on an annual basis.
- Legislated projects total \$0.499 million or 1% of the capital program for 2012. These funds will be used to make structural and building repairs required to meet legislated standards.

- The 2012 Recommended Capital Budget for Facilities Management and Real Estate is funded primarily by debt in the amount of \$43.936 million or 67%. This is slightly lower than the 2012 debt affordability target of \$44.021 million by \$0.085 million or 0.2%.
 - While debt funding accounts for 67% of the 2012 Recommended Capital Budget, other funding sources include: reserves and reserve funds of \$17.102 million or 26% (Nathan Philips Square – \$12.852 million, rehabilitation of the Westwood Lands, \$4.000 million and \$0.250 million for repair of the Western Gap Break wall); other revenue of \$4.460 million or 7% and other funding of \$0.420 million or 1%. This includes Development Charges for the Central Eglinton Community Centre and Provincial funding for space studies at Old City Hall.

2012 Recommended Cash Flow & Future Year Commitments (In \$000s)

	2010 & Prior Year Carry Forward	2012 Previously Approved Cash Flow Commitments	2012 New Cash Flow Rec'd	2012 Total Cash Flow Rec'd	2011 Carry Forwards	Total 2012 Cash Flow (Incl 2010 C/Fwd)	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total Cost
Expenditures																
Previously Approved		44,701		44,701		44,701	16,357	31,618	34,631	8,059						135,366
Change in Scope		4,667		4,667		4,667		400								5,067
New		16,550		16,550		16,550	1,590									18,140
New w/Future Year																0
Total Expenditure	0	65,918	0	65,918	0	65,918	17,947	32,018	34,631	8,059	0	0	0	0	0	158,573
Financing																
Debt		43,936		43,936		43,936	17,947	11,072	1,600	1,000						75,555
Other		4,460		4,460		4,460		20,546	29,906	7,059						61,971
Reserves/Res Funds		17,102		17,102		17,102		400	3,125							20,627
Development Charges		150		150		150										150
ISF																0
Provincial/Federal		270		270		270										270
Total Financing	0	65,918	0	65,918	0	65,918	17,947	32,018	34,631	8,059	0	0	0	0	0	158,573

*Please refer to Appendix 4 for detailed project listings

- Facilities Management and Real Estate's 2012 Recommended Capital Budget is \$65.918 million and provides funding for previously approved projects in 2012 totalling \$44.701 million; and, \$21.217 million for new/change in scope projects.
- The change in scope project funding increase of \$5.067 million results mainly from \$5.000 million of additional funding required for the completion of the Nathan Phillips Square Revitalization project.
- New projects total \$18.140 million planned for 2012–2013 and include: Albert Campbell Square rehabilitation for \$1.900 million and a related \$0.360 million project to convert the skate change rooms into bicycle change rooms, St. Lawrence Market South Renovations in the amount of \$1.260 million, Emergency Repairs totalling \$2.636 million, Repairs to the Western Gap Break wall totaling \$0.250 million and various 15 other structural, mechanical, electrical repair projects.
- Debt of \$43.936 million will fund 66.7% of the recommended 2012 capital projects. Other Revenues of \$4.460 million will fund 6.7% of the projects while Reserves will fund \$17.102 million or 25.9% of the 2012 Recommended Capital Budget. Development Charges and Provincial funding will provide \$0.420 million or 0.6% of the funding required for the 2012 Recommended Capital Budget.
- Approval of the 2012 Recommended Capital Budget will result in a commitment to future year cash flow funding for new/change in scope projects of \$1.590 million for Facilities Management Field Offices in 2013 and \$0.400 million for Court Moving Costs in 2014.

2012 Recommended Capital Project Highlights

2012 Recommended Capital Projects (In \$000s)

Project	Total Project Cost	2012	2013	2014	2015	2016	2012 - 2016	2017	2018	2019	2020	2021	2012 - 2021
SOGR - Various groupings (re-roofing, mechanical, etc.)		37,945					37,945						37,945
Emergency	2,636	2,636					2,636						2,636
Facilities Preventative Maintenance System	2,645	200					200						200
Corporate Facilities Refurbishment Program	1,000	751					751						751
Yards Consolidation Study	1,669						0						0
West Yards Critical SOGR	2,500	1,636					1,636						1,636
TPH Office 1115 Queen / 45 Lisgar	1,500	1,200					1,200						1,200
St. Lawrence Market North Property	73,890	0					0						0
Old City Hall Revitalization	20,030	3,159					3,159						3,159
Security	9,100	1,100					1,100						1,100
Nathan Phillips Square	46,037	17,041					17,041						17,041
Repair to Western Cap Breakwall	250	250					250						250
Funding Carried Forward from 2011 to 2012		0					0						0
Total Projects in 2012		65,918	0	0	0	0	65,918	0	0	0	0	0	65,918

The 2012 Recommended Capital Budget provides funding of \$65.918 million to:

- Continue to address \$41.004 million in state of good repair (SOGR) work; including structural, mechanical and electrical repairs and upgrades.
- Continue the Nathan Phillips Square Revitalization; \$17.041 million provided in 2012. The additional funding is required for streetscape improvements and new landscaping along Queen and Bay Street frontages; modifying Osgoode Lane for pedestrian use only and creating a new vehicular access lane from Chestnut and Armoury Streets.
- Continue the redevelopment of 1115 Queen W / 45 Lisgar for Toronto Public Health.
- Continue critical SOGR work at the City's West end Yards; \$1.636 million in 2012.

PART IV: ISSUES FOR DISCUSSION

2012 Issues

Facilities Transformation Project

- Facilities Management and Real Estate is the corporate body responsible for setting the standards for ensuring that all City-owned facilities are operated and maintained in a manner that meets operating needs and protects these assets into the future. A project is underway to centralize the responsibility for these assets in the Facilities Management Division. The Facilities Transformation Project will centralize the responsibilities as well as the operating and capital budgets for all City facilities. A number of programs have or are scheduled to transfer operating and/or capital responsibilities, staff and funding. Transfer of capital funding and responsibilities for Transportation Services, Municipal Licensing and Standards, Children's Services, Shelter Support and Housing Administration, City Clerk's, Long-term Care Homes and Services and Solid Waste Management are all planned for late 2011 or the first half of 2012.

Nathan Phillips Square Status Update

- By the end of 2011, the skate/concession building will be completed. In addition, temporary rink repairs and partial mechanical and electrical servicing will be done. In 2012, the stage, permanent rink renewal, peace garden, fountains, mechanical and electrical servicing and Queen and Bay Street frontages landscaping will be substantially complete.

Appendix 1

2011 Performance

2011 Key Accomplishments

In 2011, Facilities Management and Real Estate achieved the following results:

- ✓ Major progress achieved on the Rexdale Community Hub (Father Henry Carr) project which is jointly funded by the City, the Provincial and Federal governments, ensuring a full recovery of eligible contributions from the funding partners.
- ✓ The Nathan Phillips Square Revitalization project milestones included: completion of the Concessions Building, which will be fully operational for the 2011/12 Winter season and commencement of construction on the new theatre stage.
- ✓ Significant progress on HVAC and electrical upgrade work at Old City Hall, with the Northwest quadrant of the facility nearing completion by year-end.
- ✓ The St. Lawrence Market North building contract has been executed, with design to commence shortly.
- ✓ Planned completion of over 60 state of good repair projects at various facilities across the City, while minimizing potential workflow disturbances due to building issues and ensuring these facilities remain operational.
- ✓ Successful completion of 6 projects in Facilities Management's capital plan that were part of the ISF contribution agreement, as well as a full recovery of costs eligible to be received as part of this agreement.
- ✓ Full integration of client SOGR portfolios transferred through the Facilities Transformation Project for Fire Services, EMS, and PPFA into Facilities Management's 10 year capital plan.
- ✓ Full utilization of Capital Asset Management System to assist in the development of current and future capital project planning, including integrating this system into the building condition assessment process.

2011 Capital Variance Review

**2011 Budget to Actuals Comparison – Total Gross Expenditures
(In \$000s)**

2011 Approved	Actuals as of September 30th (3rd Qtr Variance)		Projected Actuals at Year End		Unspent Balance	
	\$	% Spent	\$	% Spent	\$	% Unspent
113,488	24,224	21.3%	57,267	50.5%	56,221	49.5%

- Facilities Management and Real Estate’s capital expenditures for the period ending September 30th, 2011 totaled \$24.224 million or 21.3 % of the 2011 Approved Capital Budget of \$113.488 million. The Program is projecting spending of \$57.267 million or 50.5% of the 2011 Approved Capital Budget by year–end.
- The current projected year–end spending rate includes a deferral of a number of smaller projects for which the 2011 Approved Capital Budget will not be spent due to minor unanticipated implementation delays. The major contributors to the projected under–spending are as follows:
 - St. Lawrence Market North – The project is currently in consultant/design contract negotiation stage. The main consulting/design contract is currently being finalized, and based on preliminary updated schedules, 2011 cash flows have been deferred to future years as spending in 2011 is anticipated to be \$0.500 or 3.5% of the 2011 approved cash flow of \$14.254 million.
 - 255 Dundas Street West – Structural Rehabilitation –Obtaining security clearances required by Toronto Police Services prior to the contractor commencing construction resulted in delays of 4 to 6 weeks. It is anticipated that only 50% or \$2.0 million of the total \$4.079 million will be spent in 2011, as construction began at the end of August, and is expected to continue until July 2012.

Appendix 2

10 – Year Recommended Capital Plan Project Summary

Project	Total Project Cost	2012	2013	2014	2015	2016	2012 - 2016	2017	2018	2019	2020	2021	2012 - 2021
SOGR - Various groupings (re-roofing, mechanical, etc.)		37,945	21,662	30,729	33,320	35,156	158,812	44,254	53,155	29,956	29,833	32,228	348,238
Emergency		2,636	679	2,132	2,861	2,082	10,390	2,018	2,137	2,272	2,395	0	19,212
Facilities Preventative Maintenance System		200	778				978						978
Corporate Facilities Refurbishment Program		751	1,611	1,000	1,000	1,000	5,362	1,000	800				7,162
Yards Consolidation Study			619	300			919						919
West Yards Critical SOGR		1,636	1,094	1,700	2,450	2,300	9,180	2,000	2,000	2,000	2,000	2,000	19,180
TPH Office 1115 Queen / 45 Lisgar		1,200	300				1,500						1,500
St. Lawrence Market North Property		0	0	20,946	33,031	7,059	61,036						61,036
Old City Hall Revitalization		3,159	8,588	8,283			20,030						20,030
Security		1,100	1,100	1,200	1,000	950	5,350						5,350
Nathan Phillips Square		17,041	2,936				19,977						19,977
Union Station SOGR						5,000	5,000	5,000	5,000	5,000	5,000	5,000	30,000
Repair to Western Cap Breakwall		250					250						250
Funding Carried Forward from 2011 to 2012		0					0						0
Total Projects in 2012	0	65,918	39,367	66,290	73,662	53,547	298,784	54,272	63,092	39,228	39,228	39,228	533,832

Appendix 3

2012 Recommended Capital Budget; 2013 to 2021 Capital Plan

Appendix 4

2012 Recommended Cash Flow and Future Year Commitments

Appendix 5

2012 Recommended Capital Project with Financing Details

Appendix 6

2012 Reserve / Reserve Fund Review

Reserve/Reserve Fund Review - Corporate

Table 1		Projected Balance as at Sep. 30, 2011 *	Proposed Withdrawals										2012 - 2021 Total
Reserve / Reserve Fund Name	Project / SubProject Name and Number		2012 Rec. Budget	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	
Capital Financing Reserve Fund (XQ0011)	Beginning Balance	(42,810)											
	Nathan Phillips Square - TRP907009-6		(3,926)										(3,926)
	Total Proposed Withdrawals		(3,926)	0	0	0	0	0	0	0	0	0	(3,926)

Table 2		Projected Balance as at Sep. 30, 2011 *	Proposed Withdrawals										2012 - 2021 Total
Reserve / Reserve Fund Name	Project / SubProject Name and Number		2012 Rec. Budget	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	
LARF (XR1012)	Beginning Balance	107,479											
	Nathan Phillips Square - TRP907009-6		(3,926)										(3,926)
	Westwood		(4,000)										(4,000)
	Repair to Western Cap Breakwall - FAC907810		(250)										(250)
	Total Proposed Withdrawals		(8,176)	0	0	0	0	0	0	0	0	0	(8,176)

Table 3		Projected Balance as at Sep. 30, 2011 *	Proposed Withdrawals										2012 - 2021 Total
Reserve / Reserve Fund Name	Project / SubProject Name and Number		2012 Rec. Budget	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	
Public Realm (XR1410)	Beginning Balance	16,207											
	NPS Revitalization - Streetscape Improvements - TRP907009-11		(5,000)										(5,000)
	Total Proposed Withdrawals		(5,000)	0	0	0	0	0	0	0	0	0	(5,000)

Table 4		Projected Balance as at Sep. 30, 2011 *	Proposed Withdrawals										2012 - 2021 Total
Reserve / Reserve Fund Name	Project / SubProject Name and Number		2012 Rec. Budget	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	
Provincial Offences Court Stabilization Fund (XQ0704)	Beginning Balance	1,680											
	Redevelopment of St. Lawrence Market North - FAC907554-2			(3,125)									(3,125)
	Redevelopment of St. Lawrence Market North - Moving Costs FAC907554-2				(400)								(400)
	Total Proposed Withdrawals		0	(3,125)	(400)	0	0	0	0	0	0	0	(3,525)

* Based on 3rd Quarter Variance Report