



City Budget
2012

Long-Term Care Homes & Services
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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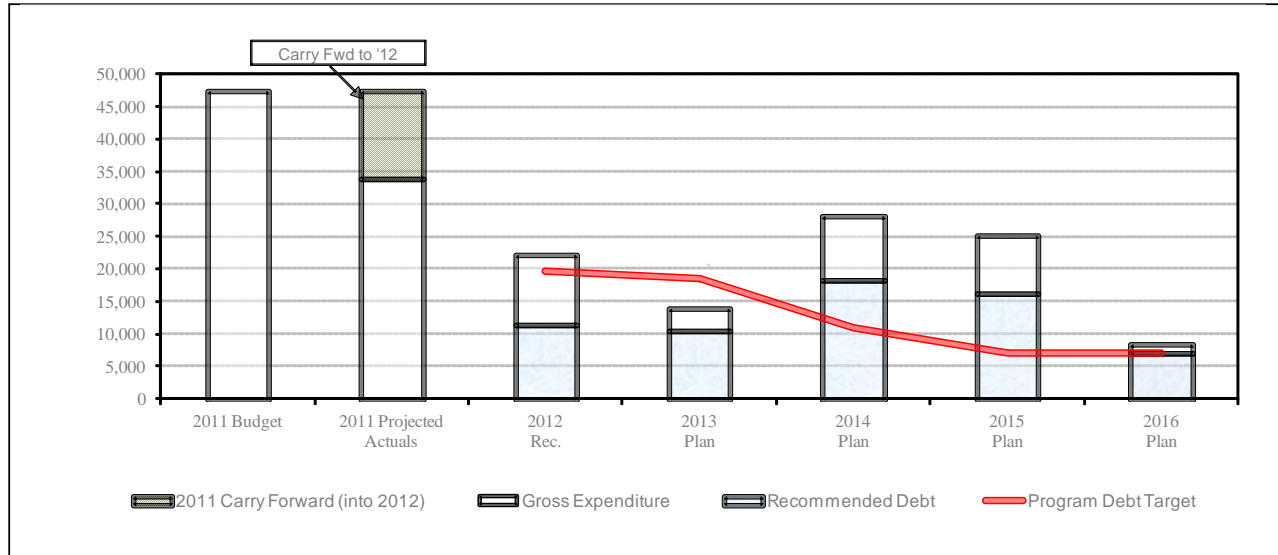
PART I: RECOMMENDATIONS

The City Manager and Chief Financial Officer recommend that:

1. Council approve the 2012 Recommended Capital Budget for Long–Term Care Homes & Services with a total project cost of \$46.000 million, and 2012 cash flow of \$35.717 million and future year commitments of \$47.750 million comprised of the following:
 - a) New Cash Flow Funding for:
 - i) 5 new/change in scope sub–projects with a 2012 total project cost of \$46.000 million that requires cash flow of \$4.000 million in 2012 and a future year commitment of \$5.250 million in 2013; \$20.000 million in 2014; and \$16.750 million in 2015;
 - ii) 7 previously approved sub–projects with a 2012 cash flow of \$18.250 million; and a future year commitment of \$5.500 million in 2013; and \$0.250 million in 2014,
 - b) 2011 approved cash flow for 4 previously approved sub–projects with carry forward funding from 2011 into 2012 totaling \$13.467 million;
2. Council approve new debt service costs of \$0.040 million in 2012 and incremental debt costs of \$0.272 million in 2013, \$0.530 million in 2014, \$1.362 million in 2015, and \$0.987 million in 2016 resulting from the approval of the 2012 Recommended Capital Budget, to be included in the 2012 and future year operating budgets;
3. Council approve the 2013–2021 Recommended Capital Plan for Long–Term Care Homes totaling \$68.002 million in project estimates, comprised of \$3.200 million in 2013; \$7.996 million in 2014; \$8.313 million in 2015; \$8.313 million in 2016; \$8.036 million in 2017; \$8.036 million in 2018; \$8.036 million in 2019; \$8.036 million in 2020; and \$8.036 million in 2021; and
4. Council consider operating savings of \$(0.250) million net in 2012, and \$(0.800) million net in 2013; and the incremental costs of \$0.900 million net in 2015, emanating from the 2012 Approved Capital Budget for inclusion in the 2012 and future year operating budgets.

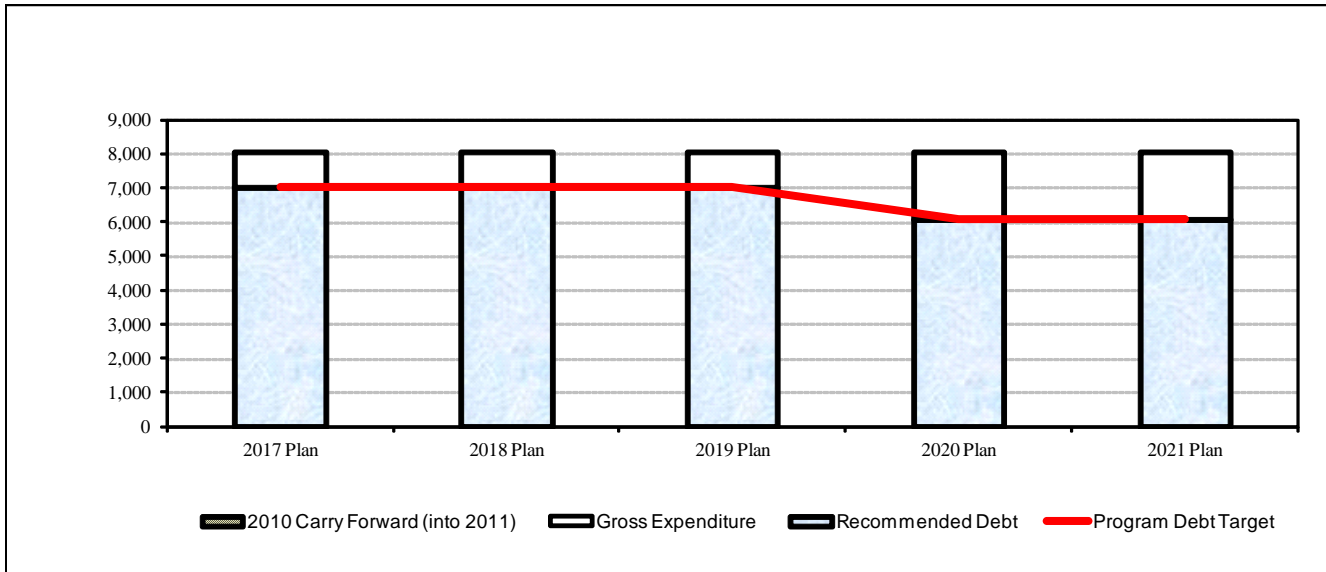
PART II: 2012 - 2021 CAPITAL PROGRAM

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		
Gross Expenditures:									
2011 Capital Budget & Approved FY Commitments	47,400	33,933	18,250	5,500	250			24,000	25%
Recommended Changes to Approved FY Commitments								0	N/A
2012 New/Change in Scope and Future Year Commitments			4,000	5,250	20,000	16,750		46,000	47%
2013 - 2016 Capital Plan Estimates				3,200	7,996	8,313	8,313	27,822	28%
1-Year Carry Forward to 2012		13,467							
Total Gross Annual Expenditures & Plan	47,400	47,400	22,250	13,950	28,246	25,063	8,313	97,822	100%
Program Debt Target			19,768	18,490	10,912	7,040	7,040	63,250	
Financing:									
Recommended Debt			11,388	10,390	18,192	16,240	7,040	63,250	64%
Reserves/Reserve Funds			2,000	1,200	1,344	1,273	1,273	7,090	7%
Development Charges									
ISF									
Provincial/Federal			8,862	2,360	9,010	7,550		27,782	28%
Other Revenue									
Total Financing			22,250	13,950	28,546	25,063	8,313	98,122	100%
By Project Category:									
Health & Safety			3,534	2,605	3,442	3,442	3,442	16,465	17%
Legislated			18,250	10,750	20,250	16,750	0	66,000	67%
SOGR			466	595	4,854	4,871	4,871	15,657	16%
Service Improvement									
Growth Related									
Total By Project Category			22,250	13,950	28,546	25,063	8,313	98,122	100%
Asset Value - end of each year (\$)		248,829							
Yearly SOGR Backlog Estimate (not addressed by current plan)			20,038	34,682	17,152	40,216	35,933		
Accumulated Backlog Estimate (end of year)		4,270	4,371	5,078	3,224	1,475	813		
Backlog: Percentage of Asset Value (%)		1.7%	1.8%	2.0%	1.3%	0.6%	0.3%		
Debt Service Costs			40	312	883	2,249	1,882	5,366	
Operating Impact on Program Costs			-100	-800		900			
New Positions				-45		45		0	

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



	2017 - 2021 Capital Plan						10-Year Total Percent
	2017	2018	2019	2020	2021	2012-2021	
Gross Expenditures:							
2011 Capital Budget & Approved FY Commitments						24,000	17%
Recommended Changes to Approved FY Commitments						46,000	33%
2012 New/Change in Scope and Future Year Commitments						68,002	49%
2017 - 2021 Capital Plan Estimates	8,036	8,036	8,036	8,036	8,036	138,002	100%
Total Gross Annual Expenditures & Plan	8,036	8,036	8,036	8,036	8,036	138,002	100%
Program Debt Target	7,040	7,040	7,040	6,077	6,077	96,524	
Financing:							
Recommended Debt	7,040	7,040	7,040	6,077	6,077	96,524	70%
Reserves/Reserve Funds	996	996	996	1,959	1,959	13,996	10%
Development Charges							
ISF							
Provincial/Federal						27,782	20%
Other Revenue							
Total Financing	8,036	8,036	8,036	8,036	8,036	138,302	100%
By Project Category:							
Health & Safety	3,175	3,175	3,175	3,175	3,175	32,340	23%
Legislated						66,000	48%
SOGR	4,861	4,861	4,861	4,861	4,861	39,962	29%
Service Improvement							
Growth Related							
Total By Project Category	8,036	8,036	8,036	8,036	8,036	138,302	100%
Asset Value - end of each year (\$)	248,829						
Yearly SOGR Backlog Estimate (not addressed by current plan)	-672	-141					
Accumulated Backlog Estimate (end of year)	813	141					
Backlog: Percentage of Asset Value (%)	0.3%	0.1%	0.0%				
Debt Service Costs	896	896	896	876	773	9,703	
Operating Impact on Program Costs							
New Positions							

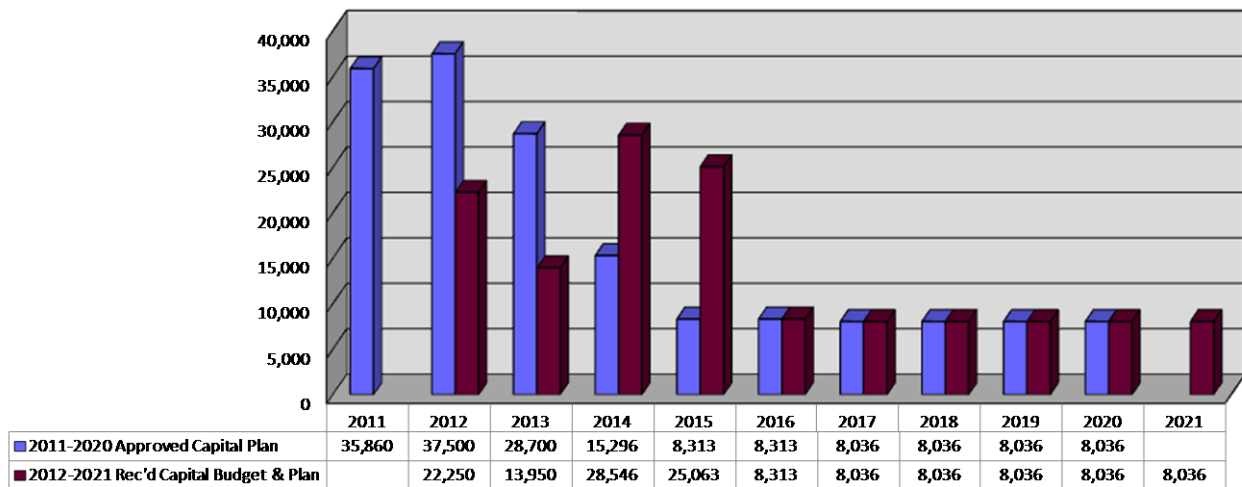
10-Year Capital Plan Overview

- The 2012–2021 Recommended Capital Plan provides funding to maintain 10 long-term care homes (with an asset replacement value of \$248.8 million) in a state of good repair and meets the Ministry of Health and Long-Term Care compliance requirements regarding safety. The 10-Year Recommended Capital Plan also includes funding for the mandatory redevelopment of the 337 bed Kipling Acres long-term care home based on revised Provincial standards and requirements.
- The 2012 to 2021 Recommended Capital Plan of \$138.302 million, exclusive of 1 year carry forward funding from 2011 to 2012 of \$13.467 million, is funded from three sources: debt of \$96.524 million (70%), recoverable debt of \$27.782 million (20%), and the Homes for the Aged Capital Reserve Fund of \$13.696 million (10%).
- Once the 192-bed Kipling Acres redevelopment project is completed and at full occupancy, the City will receive annual Provincial subsidy of \$1.002 million for each of the 25 years, for total Provincial funding of \$25.053 million to repay ongoing debt charges. Similarly, when the 145-bed Kipling Acres redevelopment project is completed and at full occupancy, the City will receive annual Provincial subsidy of \$0.756 million for each of the 25 years, for total Provincial funding of \$18.920 million to repay ongoing debt charges for this project.
- A comprehensive building condition assessment completed in the spring of 2006 identified a backlog of state of good repair (SOGR) maintenance of \$4.270 million (or 1.7%) by the end of 2011 for the Program’s 10 homes, valued at \$248.8 million. The 2012–2021 Recommended Capital Plan will eliminate the SOGR backlog by 2018.
 - Although the homes are being maintained through SOGR, 5 B and C homes have been identified for redevelopment, which are: Fudger House, Carefree Lodge, Castlevue Wychwood Towers, Lakeshore Lodge, and Seven Oaks. The cost to redevelop these homes is significant and has not been included in the 10-Year Recommended Capital Plan at this time.
- Approval of the 2012–2021 Recommended Capital Plan will reduce the 2012 Recommended Operating Budget by \$0.100 million net in 2012, and an additional \$0.800 million net and 45 positions in 2013 due to the temporary closing of Kipling Acres during its redevelopment. Upon completion of Kipling Acres redevelopment, LTCHS will be reintroducing 337 beds in 2015 resulting in the reversal of temporary savings of \$0.900 million. LTCHS will also receive \$0.150 million of one-time

Occupancy Reduction Program funding from the Ministry of Health and Long Term Care in 2012 related to the Kipling Acres Redevelopment project.

Key Changes to the 2011 – 2020 Approved Capital Plan

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



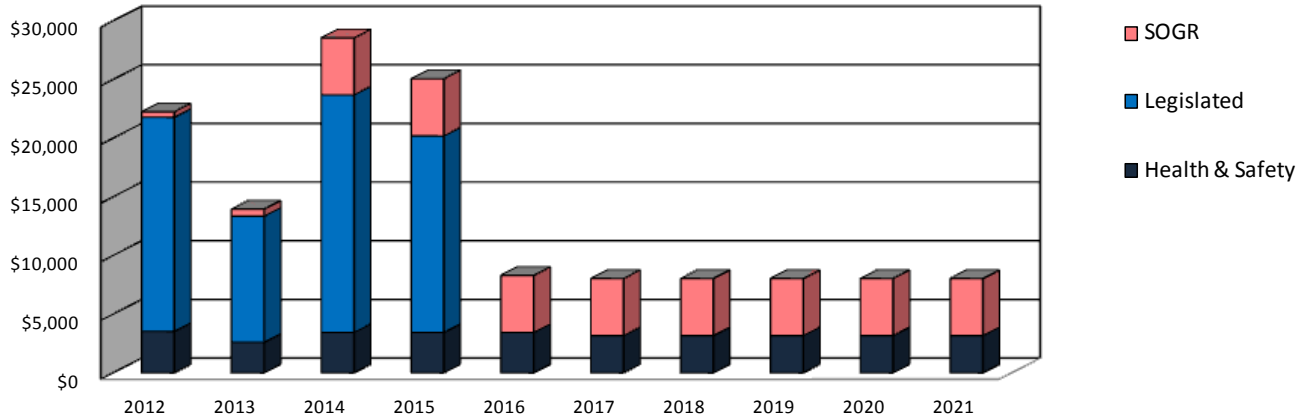
- The 2012 Recommended Capital Budget and 2013–2021 Recommended Capital Plan cash flow are lower than the 2011–2020 Approved Capital Plan due to delays in acquiring a site for the Kipling Acres 145 bed home redevelopment. Construction costs have been delayed by 2 years, reflecting a decrease of \$30.0 million in 2012 and 2013. This decrease is offset by an increase of \$30.0 million in 2014 and 2015 as 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
Kipling Acres Redevelopment - 145 beds	47,500	(15,250)	(14,750)	13,250	16,750							47,500
Total Change	47,500	(15,250)	(14,750)	13,250	16,750							47,500

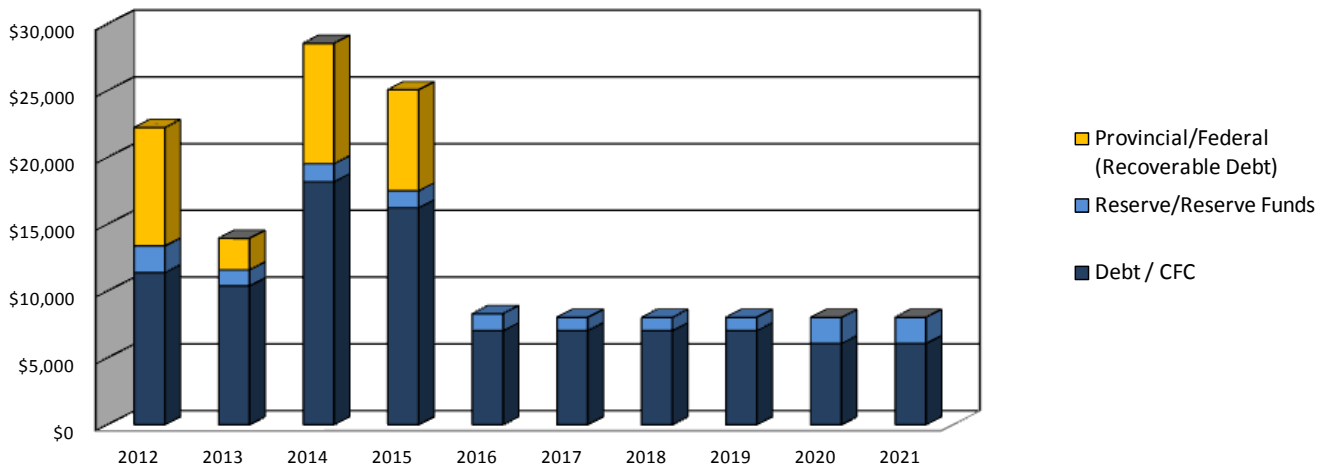
2012 – 2021 Recommended Capital Plan

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



- The 2012–2021 Recommended Capital Plan reflects projects requiring cash flow funding in 2012 and future cash flow funding requirements.
- Capital funding requirements for Legislated projects total \$66.000 million or 48% of the 10–year Recommended Capital Plan.
 - Legislated project funding for LTCHS is entirely for the Kipling Acres redevelopment project, and is not required past 2015.
- State of good repair (SOGR) projects total \$39.962 million or 29% of the 10–year Recommended Capital Plan.
 - SOGR projects will become a priority in 2014 through to 2021 and are required for the homes.
- Health and Safety projects total \$32.340 million or 23% of the 10–year Recommended Capital Plan.
 - The projects are planned from 2012 through to 2021. Funding for Health and Safety projects includes work for building upgrades, mechanical, electrical, and specialty system upgrades at the homes.

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



- Financing for the 10–year Recommended Capital Plan is greater than the debt target for year 2012, 2014, 2015 and 2016, and less than the debt target for 2013. The reason for these discrepancies is due to delays in construction of the Kipling Acres redevelopment stemming from delays in approvals, which have now been resolved.
- The 2012–2021 Recommended Capital Plan of \$138.302 million is primarily funded by debt of \$96.524 million or 70% of total capital project financing.
 - Debt funding for the first 5 years of the 10–year Recommended Capital Plan totaling \$63.250 million or 66% of total debt financing is primarily for the Kipling Acres redevelopment.
 - Debt funding for the second 5 years of the 10–year Recommended Capital Plan totaling \$33.274 million or 34% of total debt financing is for the Health and Safety and SOGR projects.
- Provincial funding (recoverable debt) in the amount of \$27.782 million or 20% of total capital project financing for the 2012–2021 Recommended Capital Plan.
 - Provincial funding is entirely used from 2012 to 2015 to fund the 192 bed and 145 bed Kipling Acres redevelopment projects.
 - Provincial funding will be received on a per diem basis over a 25–year period and will begin once the home is at full occupancy. This translates to the City receiving \$1.759 million per year for 25 years, for a 337 bed Kipling Acres long–term care home to recover the Provincial portion of debt costs for this project.

- Reserve Fund XR2103 funds \$13.996 million or 10% of the 2012–2021 Recommended Capital Plan
 - Reserve funding, totaling \$7.090 million or 51% of total Reserve funding, will be used for the first 5 years of the 10–year Recommended Capital Plan to primarily fund Health and Safety projects.
 - Reserve funding, totaling \$6.906 million or 49% of total Reserve funding, will be used for the second 5 years of the 10–year Recommended Capital Plan to fund Health and Safety and SOGR projects.

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. H&S , & Leg.)												
Building Upgrades	28,284		452	3,479	3,479	3,479	3,479	3,479	3,479	3,479	3,479	28,284
Electrical Upgrades	22,600	1,800	1,530	2,490	2,490	2,490	2,360	2,360	2,360	2,360	2,360	22,600
Mechanical Upgrades	11,565	1,700	768	958	1,267	1,267	1,121	1,121	1,121	1,121	1,121	11,565
Specialty System Upgrades	10,020	967	450	1,069	1,077	1,077	1,076	1,076	1,076	1,076	1,076	10,020
Long Term Care Homes Act Upgrades	500	500										500
Kipling Acres Redevelopment - 192 beds	54,500	26,000	5,000									31,000
Kipling Acres Redevelopment - 145 beds	47,500	4,750	5,750	20,250	16,750							47,500
Sub-Total	174,969	35,717	13,950	28,246	25,063	8,313	8,036	8,036	8,036	8,036	8,036	151,469
Service Improvements												
Sub-Total		0	0	0	0	0	0	0	0	0	0	0
Growth Related												
Sub-Total		0	0	0	0	0	0	0	0	0	0	0
Health & Safety												
Sub-Total		0	0	0	0	0	0	0	0	0	0	0
Total		35,717	13,950	28,246	25,063	8,313	8,036	8,036	8,036	8,036	8,036	151,469

Major Capital Initiatives

- The 10–year Recommended Capital Plan balances the need for home redevelopment with state of good repair work and required upgrades to the homes.

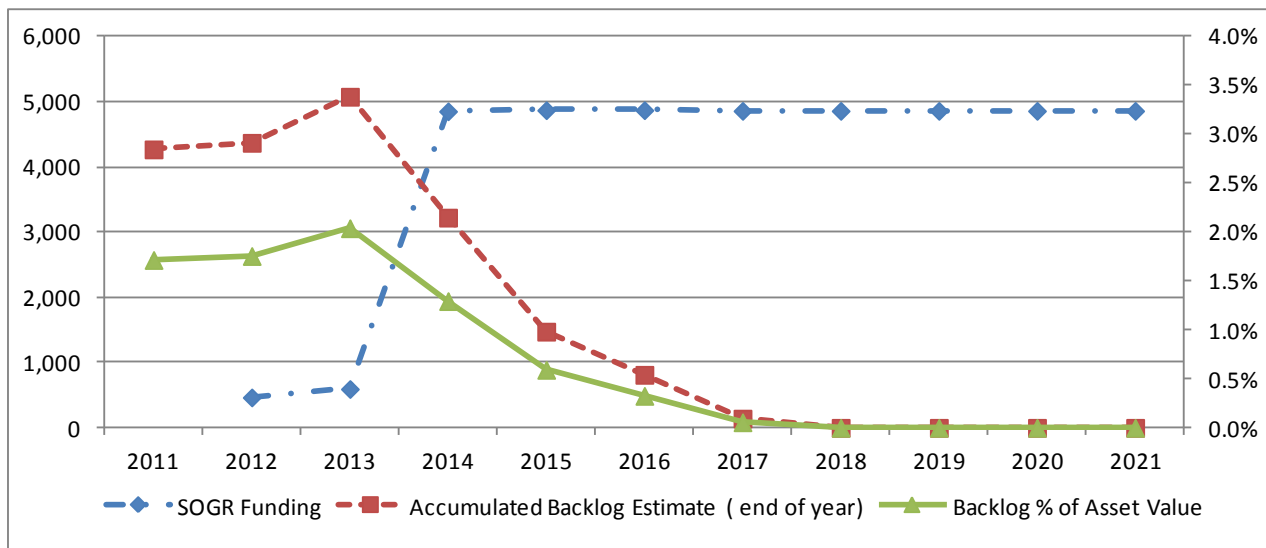
State of Good Repair

- State of good repair projects provide funding for repairs to the homes' exteriors and interiors, and repairs for mechanical, electrical, and specialty systems.
 - State of good repair projects provide funding for repairs to the homes' exteriors and interiors, and repairs for mechanical, electrical, and specialty systems.
 - One major SOGR project includes work to ensure that health and safety issues are addressed and that the ten homes are maintained in a state of good repair to prevent future major costs from becoming necessary (\$72.969 million gross/\$26.962 million debt). The maintenance program averages \$4.8 million per year starting in 2014, which will eliminate the SOGR backlog by 2018. See page 18 for greater detail of the backlog.
 - The LTCH Act upgrade (\$0.500 million gross/\$0.500 million debt), includes work related to the completion of security features at the homes.
 - The largest capital project, Kipling Acres redevelopment (\$46.007 million debt/\$32.493 million recoverable debt) will be completed by 2015 through two phases.
 - 192 bed redevelopment on the existing site; and

- 145 bed redevelopment on a new site that is yet to be determined. LTCHS is currently reviewing 3 primary options with respect to acquiring an appropriate site on which to construct the 145-bed development. Site selection is expected to occur in 2012.

State of Good Repair (SOGR) Backlog

**SOGR Funding & Backlog
(In \$000s)**



- A comprehensive building condition assessment completed in the spring of 2006 identified a backlog of SOGR maintenance of \$4.270 million by the end of 2011 for the Program’s 10 homes (or 1.7 % of LTCHS’ asset replacement value of \$248.8 million), with elimination of the backlog projected in 2018.
- The backlog increases to \$5.078 million in the first three years of the 10-Year Recommended Capital Plan period as a result of reduced SOGR spending due to the focused spending on the Kipling Acres Redevelopment project. The backlog will be eliminated by 2018, as SOGR spending increases to approximately \$4.9 million annually in the latter period of the 10-Year Recommended Capital Plan.
- While the homes will be maintained through state of good repair, new Provincial standards will require redevelopment by the Province of 5 homes (Fudger House, Carefree Lodge, Castleview Wychwood Towers, Lakeshore Lodge, and Seven Oaks). The budget for the redevelopment has yet to be determined, and has not been included in the 10-year Recommended Capital Plan.

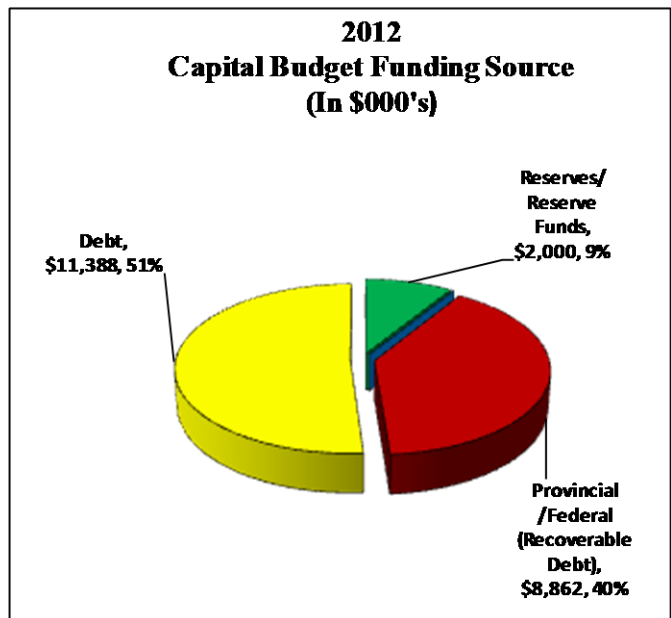
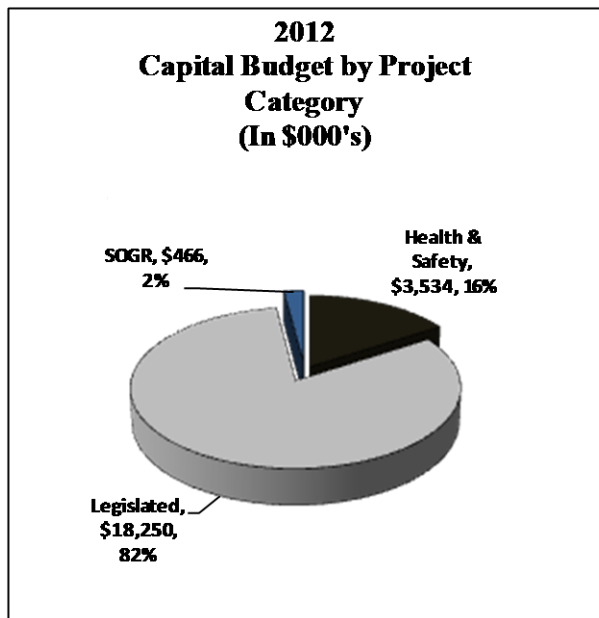
10–Year Capital Plan: Operating Impact Summary (In \$000s)

	2012 Rec. Budget	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2012- 2021 Total
2012 Recommended Capital Budget											
Program Gross	(500)	(4,000)		4,500							-
Program Revenue	(250)	(3,200)		3,600							150
Program Cost (Net)	(250)	(800)		900							150
Approved Positions		(45)		45							-
Recommended 10-Year Capital Plan											
Program Gross											
Program Revenue											
Program Cost (Net)											
Approved Positions											
Total											
Program Gross	(500)	(4,000)		4,500							
Program Revenue	(250)	(3,200)		3,600							150
Program Net	(250)	(800)		900							(150)
Approved Positions	-	(45)		45							-

- Approval of the 10–year Recommended Capital Plan results in operating impacts from new project, being the 192–bed and 145–bed Kipling Acres Redevelopment project, for 2012 of (\$0.250 million); 2013 of (\$0.800 million); and 2015 of \$0.900 million.
- With the construction of Kipling acres, LTCCHS will be temporarily reducing 192 beds in 2012 and 145 beds in 2013, along with 45 positions. Kipling Acres is projected to reopen in 2015, at which point the savings will be reversed and result in a pressure of \$0.900 million net.
- LTCCHS will receive \$0.150 million of one–time Occupancy Reduction Program funding from the Ministry of Health and Long Term Care in 2012 related to the Kipling Acres Redevelopment project.

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 2012 cash flow funding of \$22.250 million.
- The 2012 Recommended Capital Budget allocates \$18.250 million or 82% of recommended cash flow funding for Legislated projects. 100% of the funding for Legislated projects is dedicated for the Kipling Acres Redevelopment, with \$17.750 million for the 192–bed redevelopment and \$0.500 million for the 145–bed redevelopment.
- Health and Safety projects account for 16% of the 2012 Capital Budget's cash flow funding. These projects include items such as building safety upgrades, plumbing infrastructure, and specialty system modernization.
- SOGR projects account for 2% of the 2012 Capital Budget's cash flow funding. These projects include mechanical work on the homes.
- 2012 capital financing is funded primarily through debt, which accounts for \$11.388 million or 51%, which is below the program debt target of \$12.941 million set for LTCHS in 2012.
- Provincial (Recoverable Debt) represents \$8.862 million or 40% of 2012 funding.
- Reserve Fund XR2103 provides \$2.000 million or 9% of 2012 funding.

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

	2010 & Prior Year Carry Forward	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		18,250	13,467	31,717	5,500	250								37,467
Change in Scope														
New		4,000		4,000										4,000
New w/Future Year					5,250	20,000	16,750							42,000
Total Expenditure	0	22,250	13,467	35,717	10,750	20,250	16,750							83,467
Financing														
Debt	3,072	11,388	8,756	20,144	8,390	11,240	9,200							48,974
Other														
Reserves/Res Funds	1,190	2,000		2,000										2,000
Development Charges														
ISF														
Provincial/Federal	3,428	8,862	4,711	13,573	2,360	9,010	7,550							32,493
Total Financing	7,690	22,250	13,467	35,717	10,750	20,250	16,750	0	0	0	0	0	0	83,467

*Please refer to Appendix 3 for detailed project listings

- Long–Term Care Homes & Services' 2012 Recommended Capital Budget of \$35.717 million provides funding for previously approved 2012 projects totaling \$18.250 million, \$13.467 million in carry forward funding from 2011, and \$4.000 million for new projects.
- Previously approved and 2011 carry forward projects in the amounts of \$18.250 million and \$13.467 million respectively are primarily for the Kipling Acres Redevelopment project; and \$4.000 million for new projects (for SOGR/H&S upgrades).
- Approval of the 2012 Recommended Capital Budget will result in Council's commitment to future year cash flow funding of \$10.750 million in 2013, \$20.250 million in 2014, and \$16.750 million in 2015 for the Kipling Acres Redevelopment project.

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
Building Upgrades													
Electrical Upgrades	1,800	1,800					1,800						1,800
Mechanical Upgrades	1,700	1,700					1,700						1,700
Specialty System Upgrades	967	967					967						967
LTCH Act Upgrade	500	500					500						500
Kipling Acres Redevelopment - 192 beds	54,500	26,000	5,000				31,000						31,000
Kipling Acres Redevelopment - 145 beds	47,500	4,750	5,750	20,250	16,750		47,500						47,500
Total (including carry forward)	106,967	35,717	10,750	20,250	16,750		83,467						83,467

The 2012 Recommended Capital Budget provides funding of \$22.250 million to:

- Complete the necessary SOGR and health and safety upgrades at ten long–term care homes;
- Complete the outstanding LTCH Act upgrades;
- Continue the demolition and redevelopment of Kipling Acres (192 beds); and
- Begin the redevelopment of the remaining 145 beds at Kipling Acres on a new site in the vicinity of the existing site.

PART IV: ISSUES FOR DISCUSSION

2012 Issues

Kipling Acres Redevelopment (337 beds)

The Province announced on July 31, 2007, plans to redevelop long-term care homes in Ontario over a 10–15 year period. The MOHLTC has already provided an outline of its capital renewal strategy which is comprised of plans to redevelop all homes classified as a “B” or a “C” home. The City of Toronto has six homes classified as either a B or C home. Each of them will need to be redeveloped in the next 10–15 years through a multi-year redevelopment plan, on a prioritized basis. Kipling Acres is LTCHS’ most urgent priority for redevelopment due to its aging facility. As Kipling Acres is deemed to be a type B facility by the MOHLTC standards, the facility must be redeveloped. Not proceeding with the redevelopment would result in the Program being in non-compliance with the Province and could lead to financial penalties and even shutting down of Kipling Acres. Similarly, a delay in the redevelopment would also result in a significant increase in health and safety and SOGR costs.

An application for the redevelopment of Kipling Acres had been submitted to the Province (in July 2009) and Provincial approvals were received in early 2010.

Currently, Kipling Acres has 337 long-term care beds. The first phase of the redevelopment of Kipling Acres is to develop a smaller home of 192 beds on the existing 10.5 acre site. The remaining 145 beds (out of the approved 337 beds for Kipling Acres) will be constructed in years 2013–2015 at a site that is yet to be determined.

MOHLTC’s capital renewal strategy will provide some funding for redevelopment of long-term care homes, however it is provided on a per diem basis and cash flowed over a 25-year period. Construction funding will be \$13.30 per diem for a 25 year period. The additional \$1.00 per diem will be available for successful LEED (Leadership in Energy and Environmental Design) Silver Certification. Funding will begin once the home is at full occupancy, which is set for 2013. This translates to annual Provincial funding of \$1.002 million for Kipling Acres (192 beds) in years 2013–2038, and \$0.757 million for the redevelopment of 145 beds, thereby requiring the City to fund \$56.027 million in debt in advance of Provincial funding receipts.

Upon completion of the redevelopment of 192 beds, and subsequently 145 beds, annual Provincial funding will be applied against debt charges in the Non-Program budget to reduce debt costs for the portion of debt advanced by the City on behalf of the Province.

As shown in table below, the total project cost of the 192-bed redevelopment project is \$54.500 million, of which \$25.053 million is funded by recoverable debt (Provincial

subsidies), \$27.447 is funded from City debt, and \$2.0 million is funded from the HFA Capital Reserve Fund.

The total project cost of the 145–bed redevelopment project is \$47.500 million, of which \$18.920 million is funded by recoverable debt (Provincial subsidies), and \$28.580 is funded from City debt.

LTCHS is currently reviewing 3 primary options to acquire an appropriate site on which to construct the 145–bed development. Site acquisition is expected to occur in 2012.

Kipling Acres Redevelopment												
	Cash flows							Total Project Cost	Funding			
	2009	2010	2011	2012	2013	2014	2015		TOTAL	Recoverable debt	Debt	Reserve
192-Bed Redevelopment (Existing Site)												
Kipling Acres Construction			19,250	20,750				40,000	25,053	14,947		
Architectural Study & Fees		810	1,690					2,500		500	2,000	
Demolition				2,000				2,000				
Scope Change (Demolition)					5,000			5,000		5,000		
Contingency			1,750	1,750				3,500		3,500		
Landscaping				1,000				1,000		1,000		
Adult Day Program/Child Care construction				500				500		500		
Total Kipling Acres 192-bed redevelopment	-	810	22,690	26,000	5,000			54,500	25,053	27,447	2,000	
145-Bed Redevelopment (New Site)												
Kipling Acres Site 2 Land Acquisition				3,500				3,500		3,500		
Kipling Acres 145 bed construction					5,250	20,000	16,750	42,000	18,920	23,080		
Kipling Acres 145 bed professional services				1,250	500	250		2,000		2,000		
Total Kipling Acres 145-Bed Redevelopment			-	4,750	5,750	20,250	16,750	47,500	18,920	28,580		
TOTAL KA 337 Bed Redevelopment Cost	-	810	22,690	30,750	10,750	20,250	16,750	102,000	43,973	56,027	2,000	

Future Year Issues

Redevelopment of Remaining Beds at all B or C Long–Term Care Homes

As per the capital renewal strategy requiring the redevelopment of all Ontario B and C long–term homes, the Program will be required to also redevelop Fudger House, Carefree Lodge, Castleview Wychwood Towers, Lakeshore Lodge, and Seven Oaks. The costs to redevelop these facilities are significant and in excess of the amounts included in the Recommended 10–Year Capital Plan. It is recommended that the Program report back to the Budget Committee through the Community Development and Recreation Committee, on a plan to redevelop the remaining type B and C long–term care homes that includes the following:

- proposed business model;
- minimum financial requirements to reconstruct the type B and C classified long–term care homes;
- timing of expenditures and bed development; and
- implications on state of good repair backlog of not proceeding in the next ten years.

Appendix 1

2011 Performance

2011 Key Accomplishments

- In 2011, Long–Term Care Homes & Services achieved the following:
 - LTCHS has focused 2011 on towards meeting legislative requirements including Health & Safety, and resident security and comfort upgrades. Projects include resident safety and comfort through heating, ventilation and air conditioning control systems at Bendale Acres, Carefree Lodge and Seven Oaks
 - The continuation of work related to LTCH Act upgrades, including fire alarm and nurse call system upgrades at Fudger House, Carefree Lodge and Castlevue–Wychwood Towers.
 - Continued major elevator modernizations at Bendale Acres, Cummer Lodge, Seven Oaks and True Davidson Acres.

2011 Capital Variance Review

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

2011 Approved	2011 Projected Expenditures at Year-End		Unspent Balance	
\$	\$	% Spent	\$	% Unspent
46,900	17,480	37.3%	29,420	62.7%

- Long–Term Care Homes & Services 2011 Approved Capital Budget of \$46.900 million is projected to be \$17.480 million or 37.3% spent. The projected under–expenditure is due to the following:
 - The main driver of the projected variance is the delay of the Kipling Acres redevelopment. As of September 30th, 2011, the Program has spent 3.5% of the total 2011 approved cash flow for the Kipling Acres Redevelopment project. The Ministry of Health and Long–Term Care delayed its long–term care home capital renewal schedule, thereby impacting the redevelopment of Kipling Acres.
 - While demolition and construction of Kipling Acres were expected to begin in the Fall of 2010, these activities have commenced in Fall 2011.

- Capital maintenance projects are projected to be 80% spent. Under-expenditures were originally due to contractor delays during winter time, but progress is now proceeding mostly on schedule.

2011 Carryforward funding into 2012:

- The 2012 Recommended Capital Budget includes a projected \$13.467 million in 2011 funding being carried forward to 2012.
- LTCCHS will be monitoring capital expenditures and will review and revise 2011 funding to be carried forward in 2012 to complete 2011 capital projects by the 1st quarter of 2012.

Appendix 2

10 – Year Recommended Capital Plan Project Summary

Project	2012	2013	2014	2015	2016	2012-2016 Total	2017	2018	2019	2020	2021	Total 10- year Plan
Building Upgrades		452	3,479	3,479	3,479	10,889	3,479	3,479	3,479	3,479	3,479	28,284
Electrical	1,800	1,530	2,490	2,490	2,490	10,800	2,360	2,360	2,360	2,360	2,360	22,600
Mechanical	1,700	768	958	1,267	1,267	5,960	1,121	1,121	1,121	1,121	1,121	11,565
Specialty Systems	967	450	1,069	1,077	1,077	4,640	1,076	1,076	1,076	1,076	1,076	10,020
Long-Term Care Homes Act Upgrades	500					500						500
Kipling Acres Site 2 (192 beds)	26,000	5,000				31,000						31,000
Kipling Acres Redevelopment (145 beds)	4,750	5,750	20,250	16,750		47,500						47,500
Total Program (excl. carry forwards)	35,717	13,950	28,246	25,063	8,313	111,289	8,036	8,036	8,036	8,036	8,036	151,469

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 – Program Specific

Table 1		Projected Balance as at Dec. 31, 2011 *	Proposed Withdrawals										
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	2012 - 2021 Total
	Beginning Balance	\$5,153	\$2,962	\$2,624	\$2,776	\$2,713	\$2,721	\$2,729	\$2,729	\$2,729	\$2,729	\$2,729	
	Capital Maintenance Draw	(\$3,860)	(\$2,000)	(\$1,200)	(\$1,344)	(\$1,273)	(\$1,273)						(\$7,090)
	Provincial Structural Compliance Premiums	\$1,653	\$1,653	\$1,344	\$1,273	\$1,273	\$1,273						\$6,816
	Interest Income	\$16	\$9	\$8	\$8	\$8	\$8						\$41
	Total Proposed Withdrawals		(\$338)	\$152	(\$63)	\$8	\$8						(\$233)
	Projected Contributions												
TOTAL RESERVE FUND BALANCE AT YEAR-END		\$2,962	\$2,624	\$2,776	\$2,713	\$2,721	\$2,729	\$2,729	\$2,729	\$2,729	\$2,729	\$2,729	

* Based on 3rd Quarter Variance Report