

**Staff Recommended
Tax & Rate Supported
2015 – 2024 Capital Budget and Plan**

Budget Committee Presentation
January 20, 2015



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Executive Summary



Highlights

- \$3 Billion Additional Capital Investments over 10 years
- Increase Addresses Priority Needs in:
 - Transit
 - Transportation
 - Facilities
 - Technology
 - Toronto Water
- Meets Toronto Water's needs and sustainability for SOGR, Basement flooding, and Storm Water Management
- Stabilizes tax supported SOGR backlog

The Challenge

- Unmet investment needs in SOGR of \$7Billion
 - TTC; Roads; Gardiner Expressway; Housing
- Even with additional debt target funding of \$1.6 billion being provided, demand for capital funding outpaces additional debt room
- With increasing debt requirements and limited Property Tax increase, debt service costs as a percentage of tax levy is approaching the 15% guideline over time

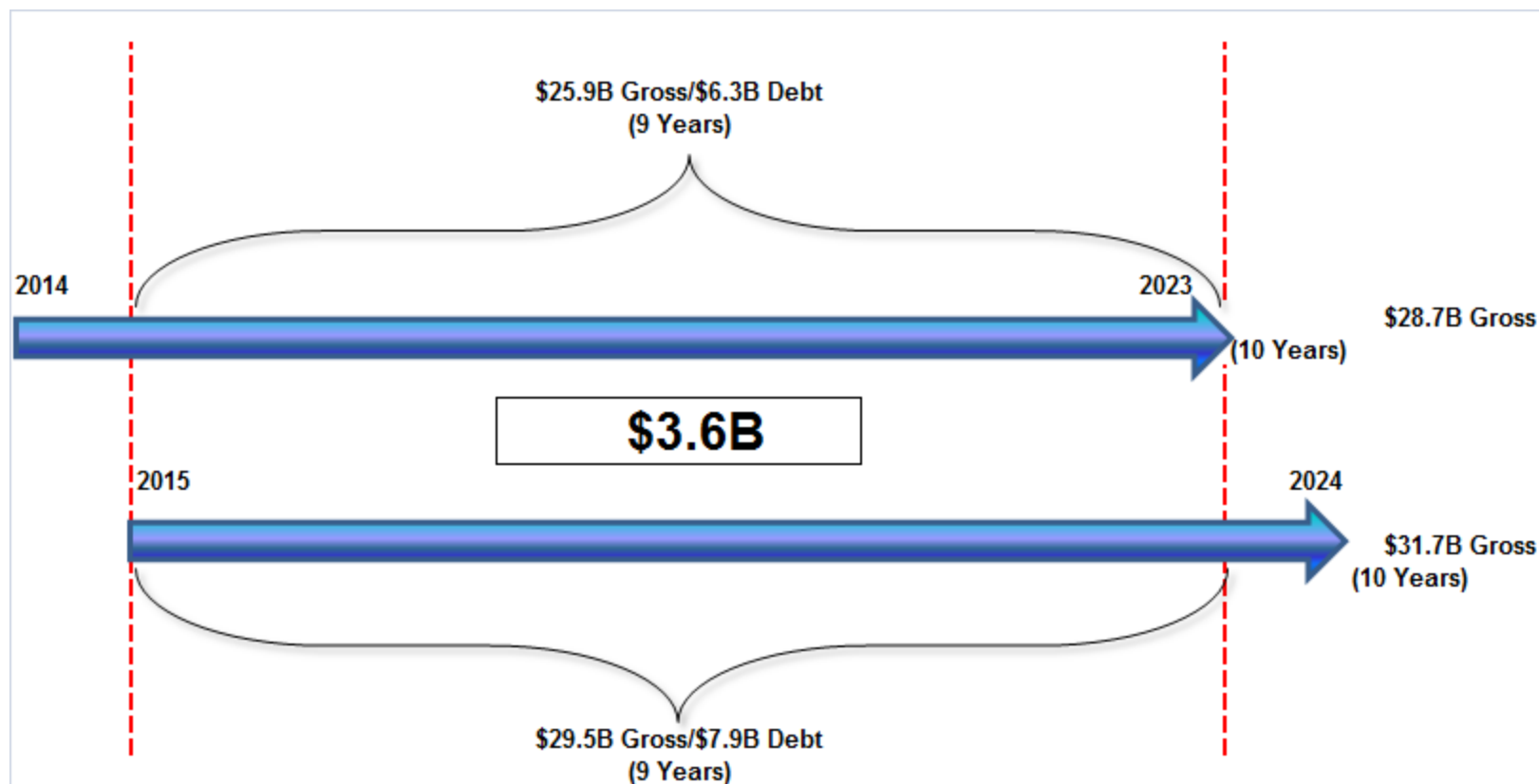
Capital Expenditure Strategies

- Focused on delivery of 2014 – 2023 Approved Capital Budget and Plan on time/on budget
- Reviewed Capital projects for readiness to proceed and capacity to deliver based on 5 year spending analysis
 - Matched cash flow funding/debt to actual activities
- Prioritized capital projects within and between Programs and Agencies based on project needs and benefits
- Examined Information and Technology projects based on integrated plan priorities and capacity to deliver
- Prioritized “below the line” critical capital projects

Capital Funding Strategies

- Needed increased investments addressed by:
 - Maximized Development Charge Funding
 - Increased Debt by:
 - ✓ Adjusted cash flow estimates to reflect actual activities
 - ✓ Added debt room in the future years while keeping the debt service cost as percentage of tax levy below the 15% guideline
- Continued non-debt financing strategy that relies on Surplus Management Policy
 - 75% of Surplus allocated to Capital

Tax & Rate Supported Capital Budget and Plan is \$3.6 Billion Higher



Key Investments

- 2015 to 2024 Budget and Plan is \$31.715 Billion
- Investments increased by \$3.6 Billion:
 - Toronto Water: \$2.0 Billion
 - \$1.6 Billion increased debt room
 - ✓ Transportation Services
 - ✓ Transit
 - ✓ Facilities Management & Real Estate
 - ✓ Shelter
 - ✓ Exhibition Place
 - ✓ Information & Technology



**Staff Recommended
Tax and Rate-Supported 2015– 2024
Capital Budget and Plan**



City's Infrastructure is Substantial

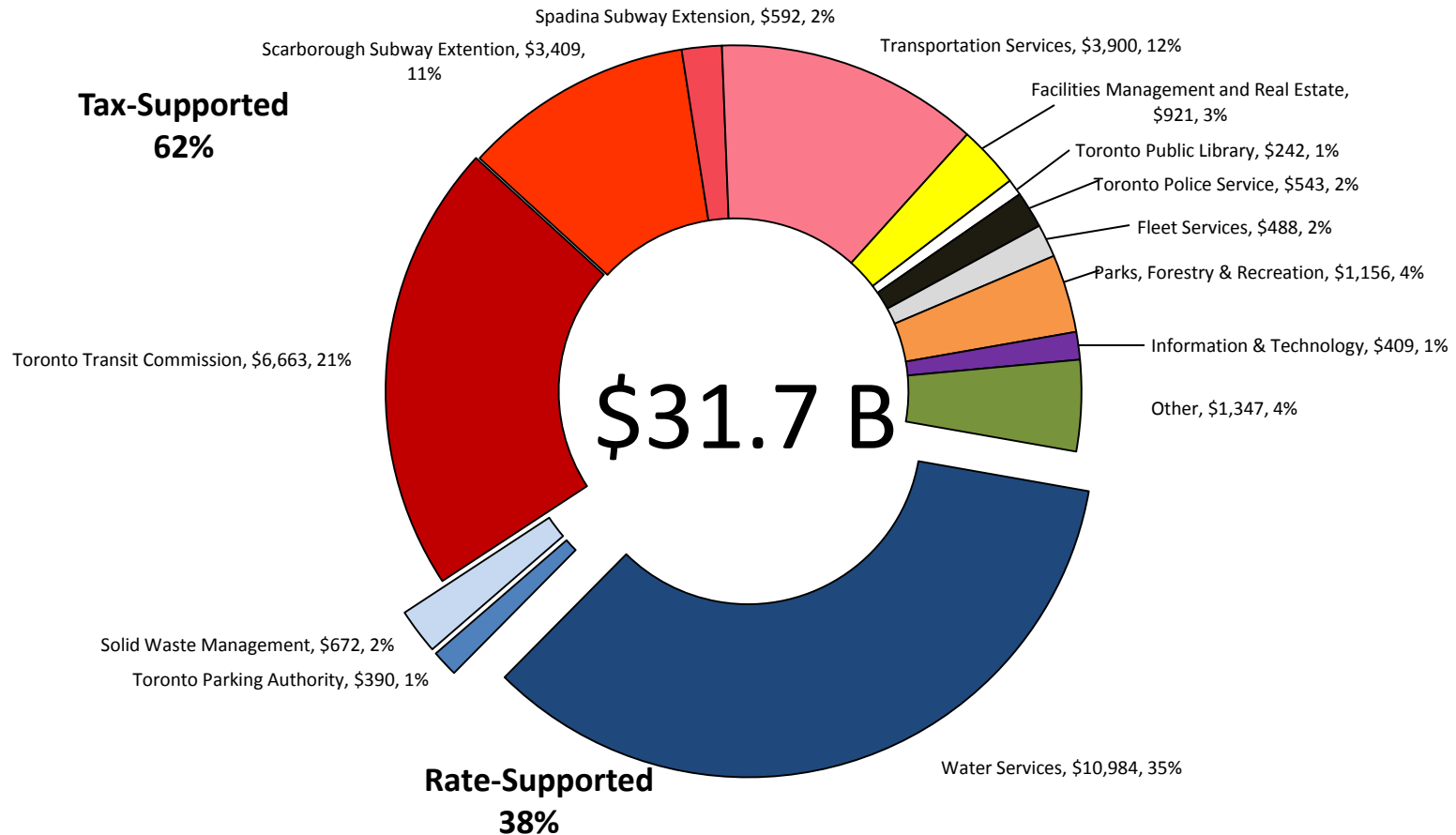
		Estimated Asset Value *
Transportation Infrastructure	<ul style="list-style-type: none"> - 5,230 km of roads & expressways - 7,100 km of sidewalks - 500 bridges - street lightings & traffic signal controls 	\$11 Billion
Water & Wastewater Infrastructure	<ul style="list-style-type: none"> - 4 water filtration & 4 wastewater treatment plants - 10 reservoirs, 4 water storage tanks & 5 wastewater detention tanks - 100 pumping stations - 5,525 km of watermains & 10,500 km for wastewater distribution system 	\$28 Billion
Public Transit System	<ul style="list-style-type: none"> - 1,543 buses & 248 streetcars - 706 subway & light rail cars - subway, buildings, trackwork, equipment, etc. 	\$14 Billion
Buildings, Facilities & Fleet	<ul style="list-style-type: none"> - 1,465 structures including civic centres, recreation facilities, fire halls, libraries, ambulance buildings, etc. - more than 4,000 vehicles, ferries and vessels 	\$9 Billion
TCHC	<ul style="list-style-type: none"> - 58,800 public housing units (full responsibility) 	\$9 Billion
Parkland & Other Land	8,091 hectares of parkland (= 13% of the land area of the City of Toronto)	\$3 Billion
* Replacement Cost Estimates		\$74 Billion ++

10-Year Capital Plan (Tax & Rate-Supported)

Where the Money Goes: \$31.715 Billion

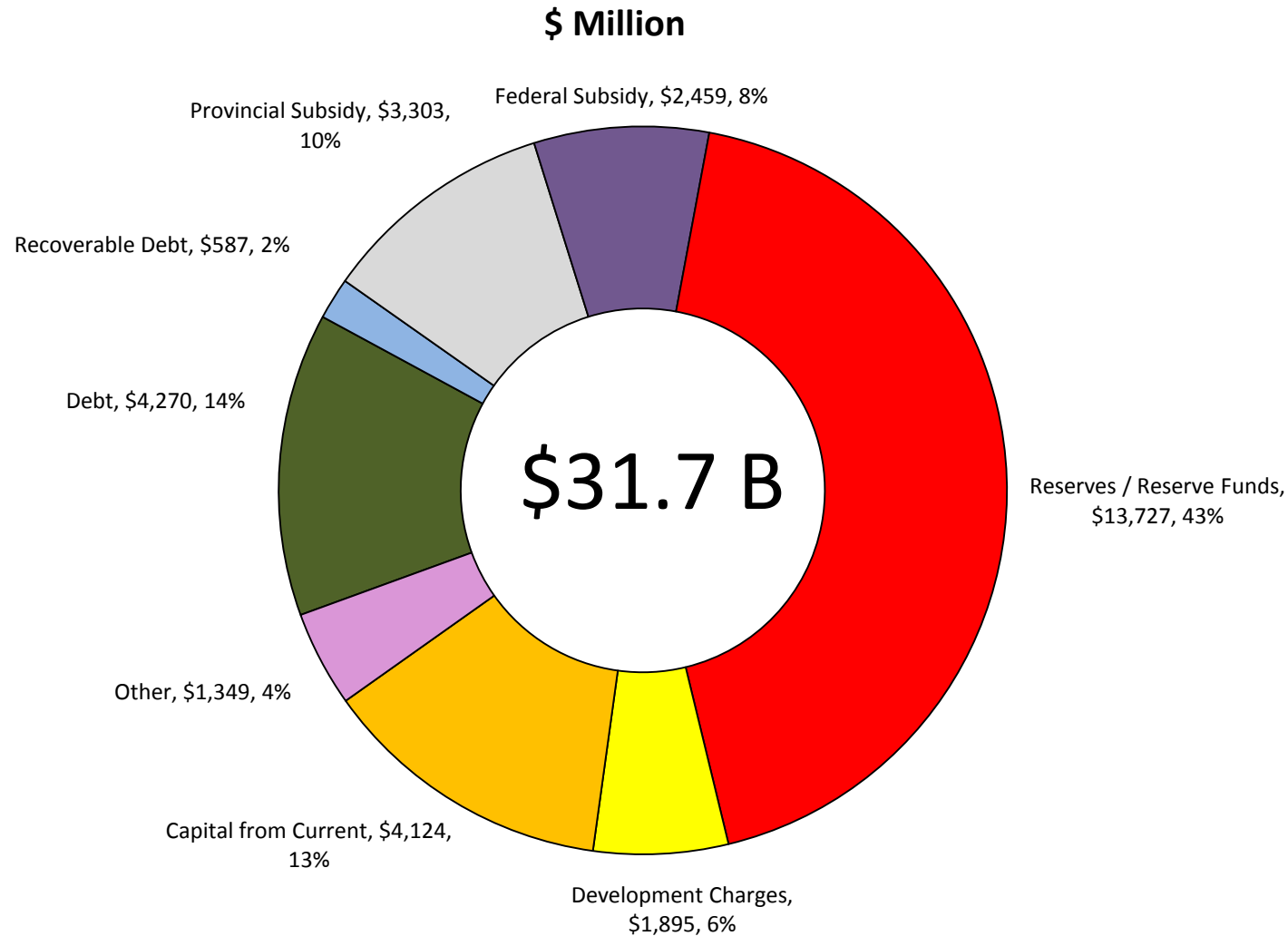
\$ Million

81% TTC, Transportation & Water Services



10-Year Capital Plan (Tax & Rate-Supported)

Where the Money Comes from: \$31.715 Billion



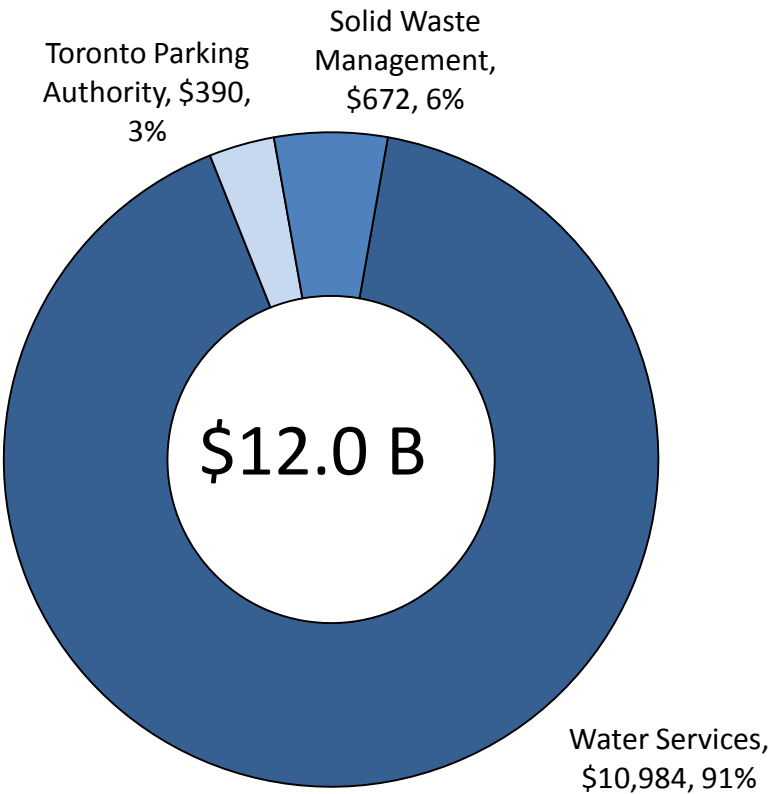


Rate Supported Programs

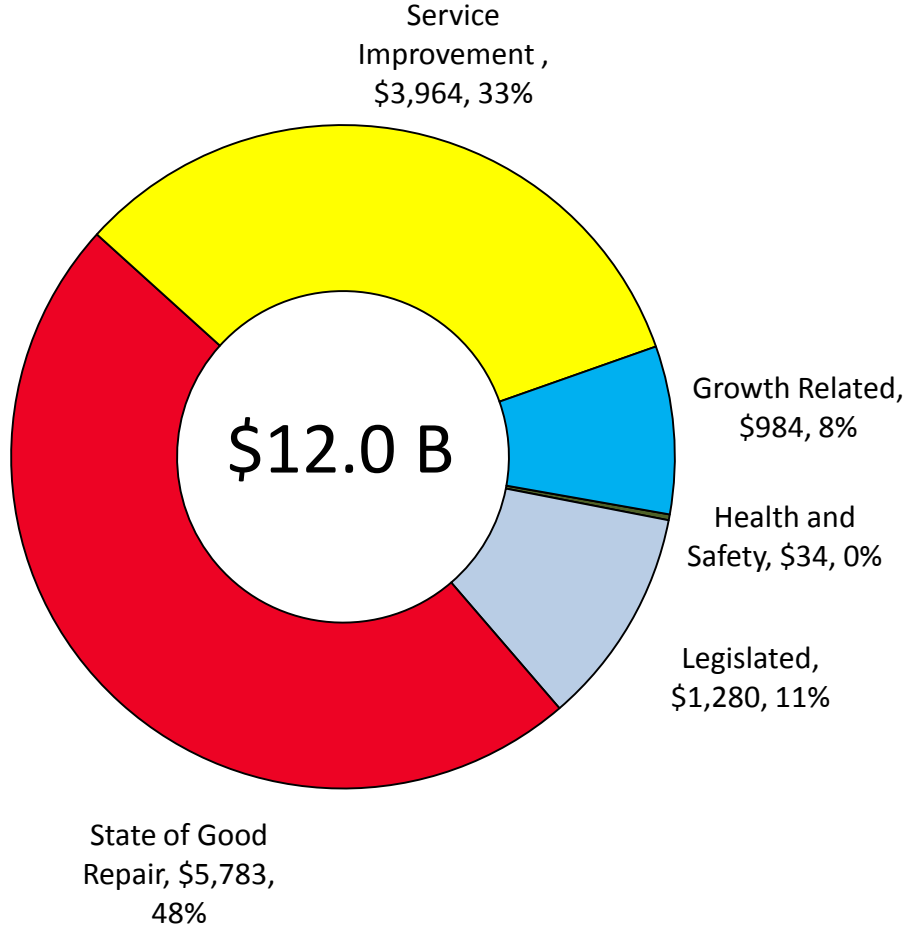


Rate-Supported 10-Year Plan is \$12.0 Billion

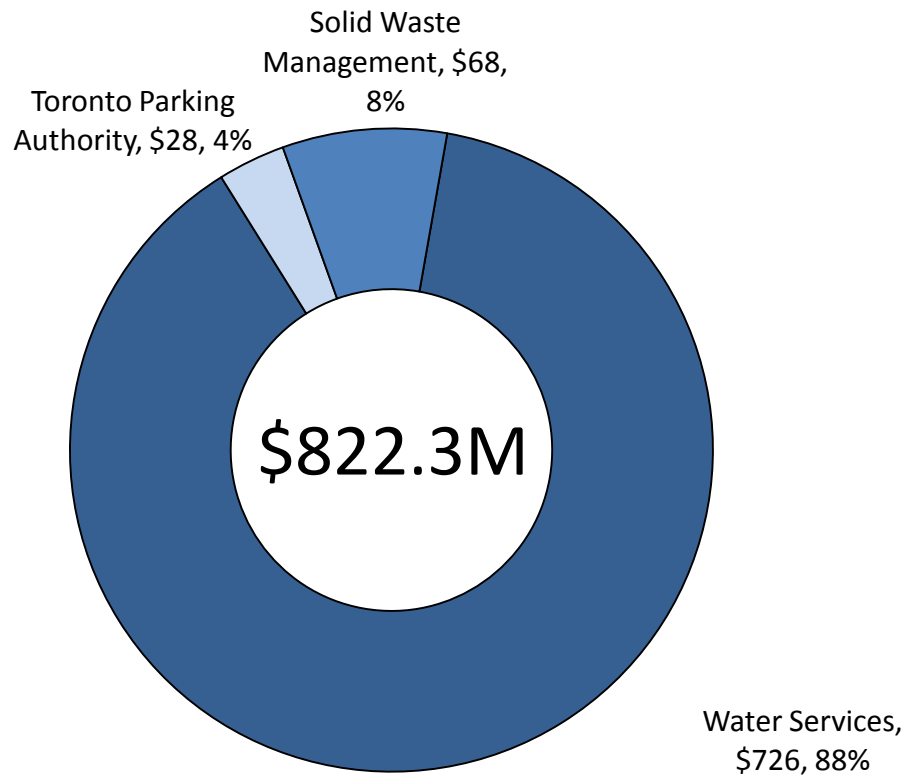
By Program



By Category



Rate-Supported 2015 Capital Budget is \$822.3 Million



Toronto Water Capital Investments

- Capital Plan has increased by \$2.0 Billion to a total of \$11 Billion
- Additional investments largely funded by the recommended rate increases (8% in 2015/2016; and 5% in 2017/2018) for a total of \$1.4 Billion:
 - Additional SOGR projects (increased funding of \$626M)
 - Increased investment of \$548M for Basement Flooding Protection Program (2015-2024 - \$1.5B)
 - Wet Weather Flow projects (2015-2024 - \$1.1B), includes increased investments for:
 - TRCA Watercourse Erosion Control - \$66M
 - Wet Weather Flow Master Plan - \$41M



Tax Supported Programs

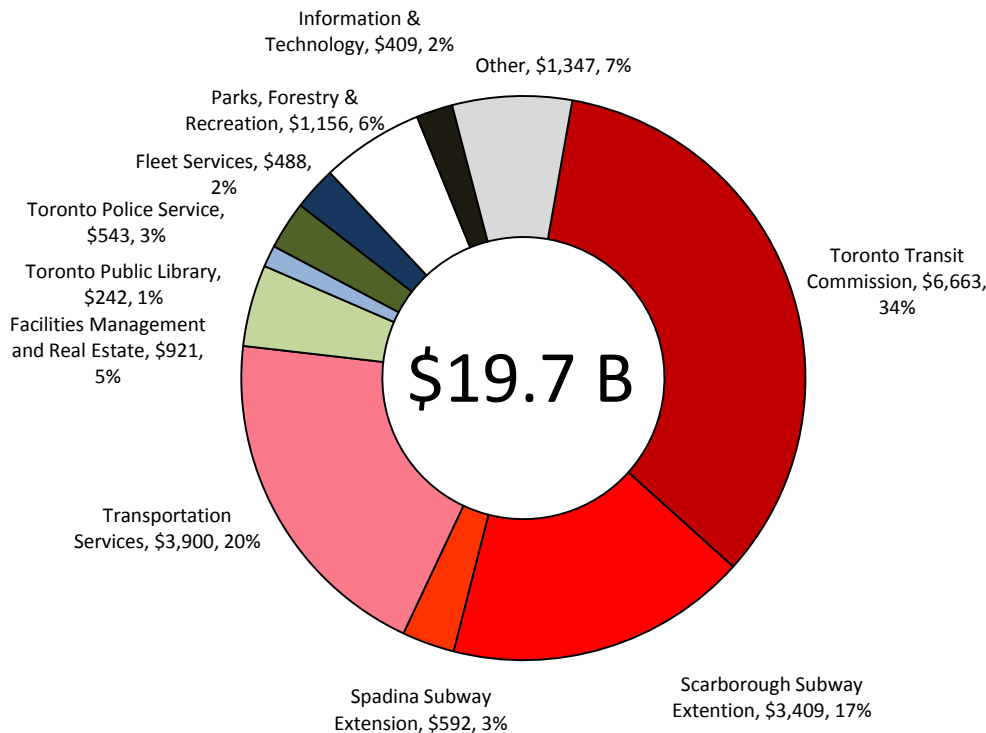


10 Year Capital Plan (Tax-Supported)

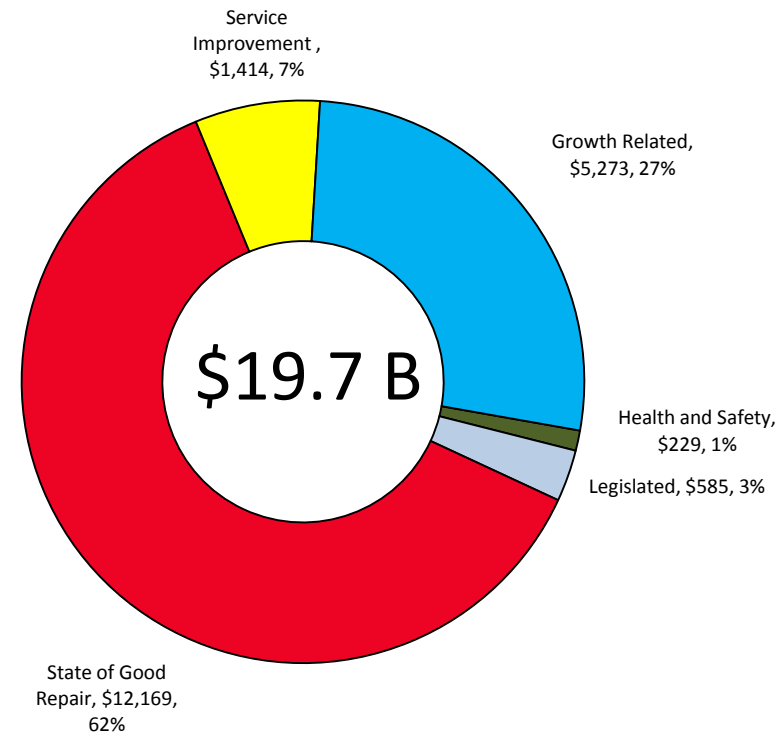
Where the Money Goes: \$19.7B

\$ Million

**2015 - 2024 Capital Budget & Plan
By Program
74% TTC/Transportation**



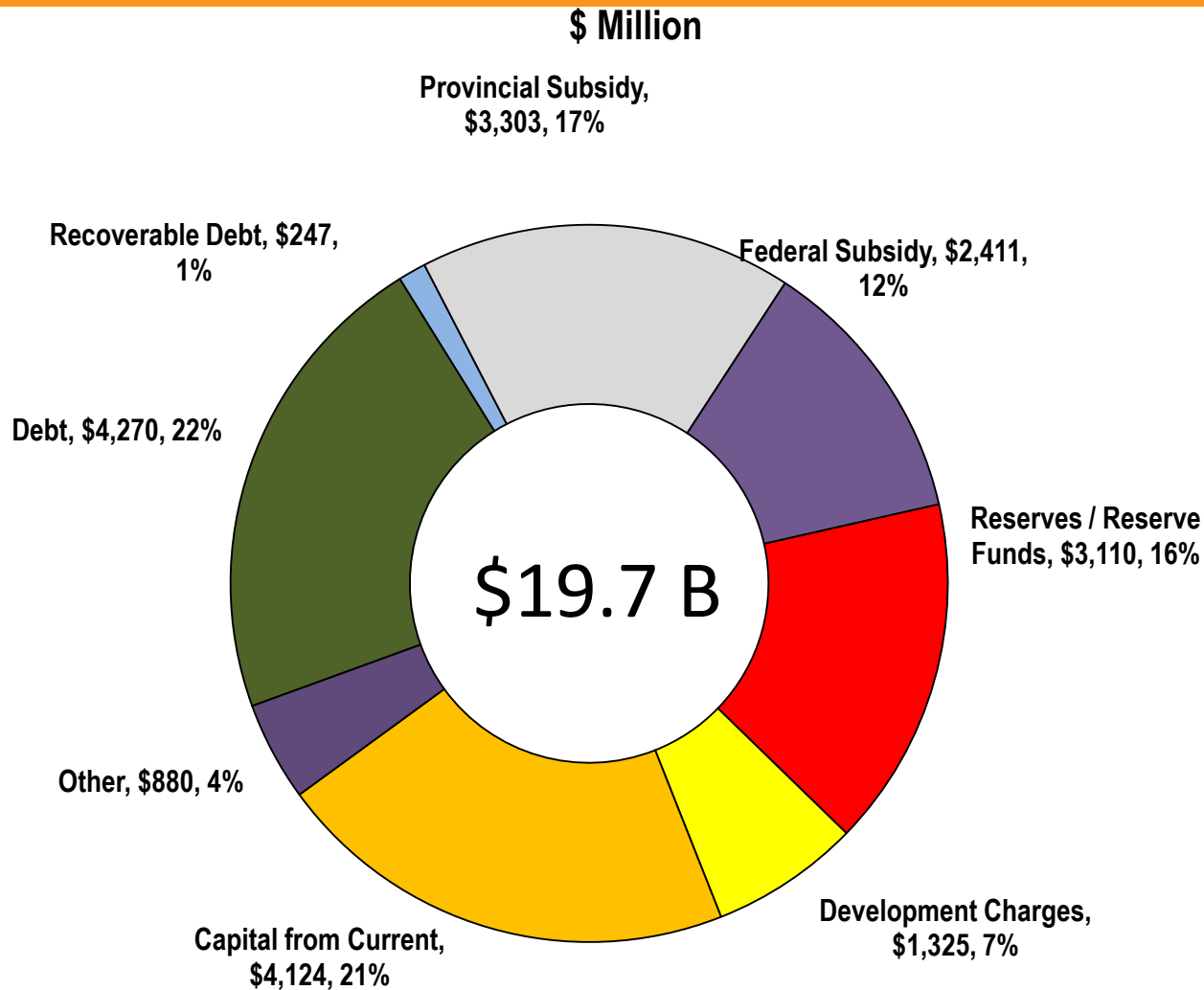
**2015 - 2024 Capital Budget & Plan
By Category
66% SOGR***



* Includes Legislated, Health & Safety

10 Year Capital Plan (Tax-Supported)

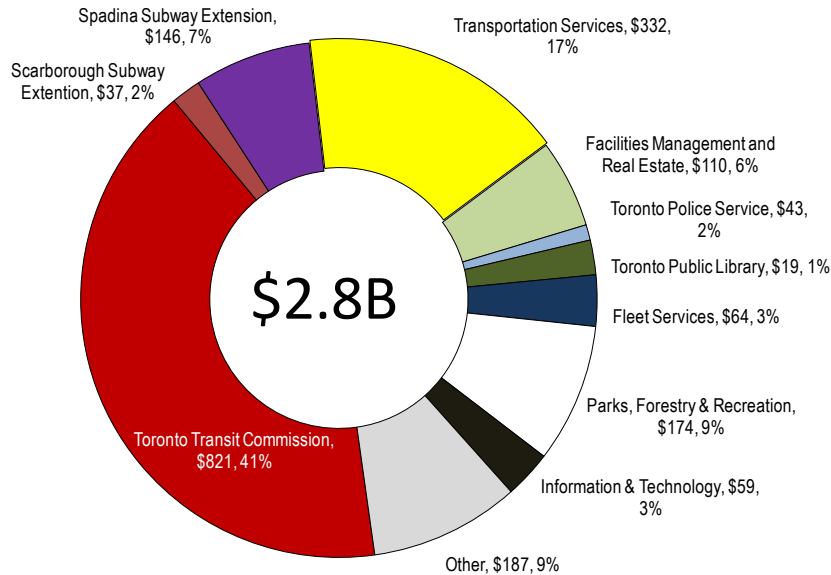
Where the Money Comes from: \$19.7B



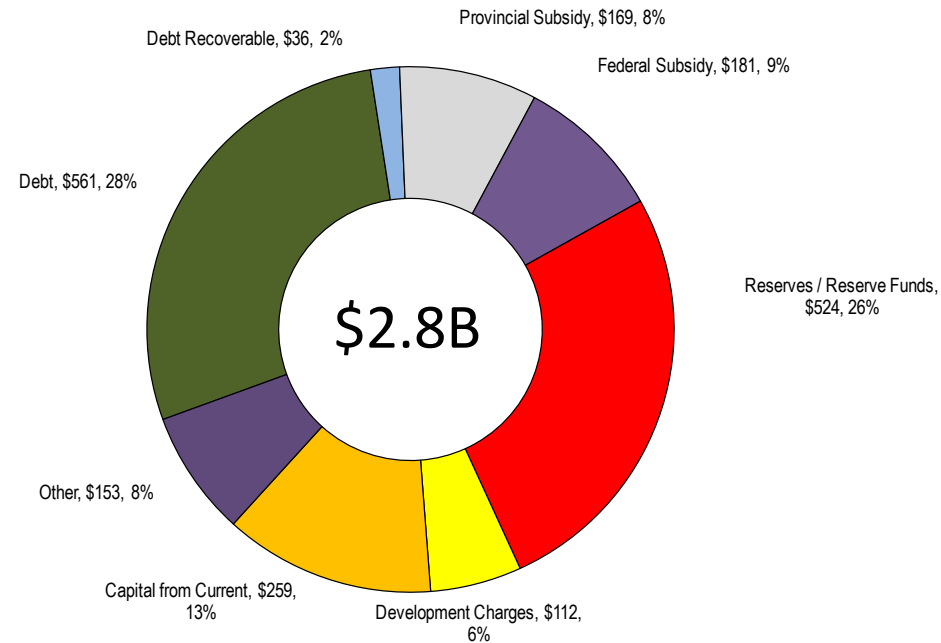
2015 Tax Supported Capital Budget is \$2.8 Billion

\$ Million

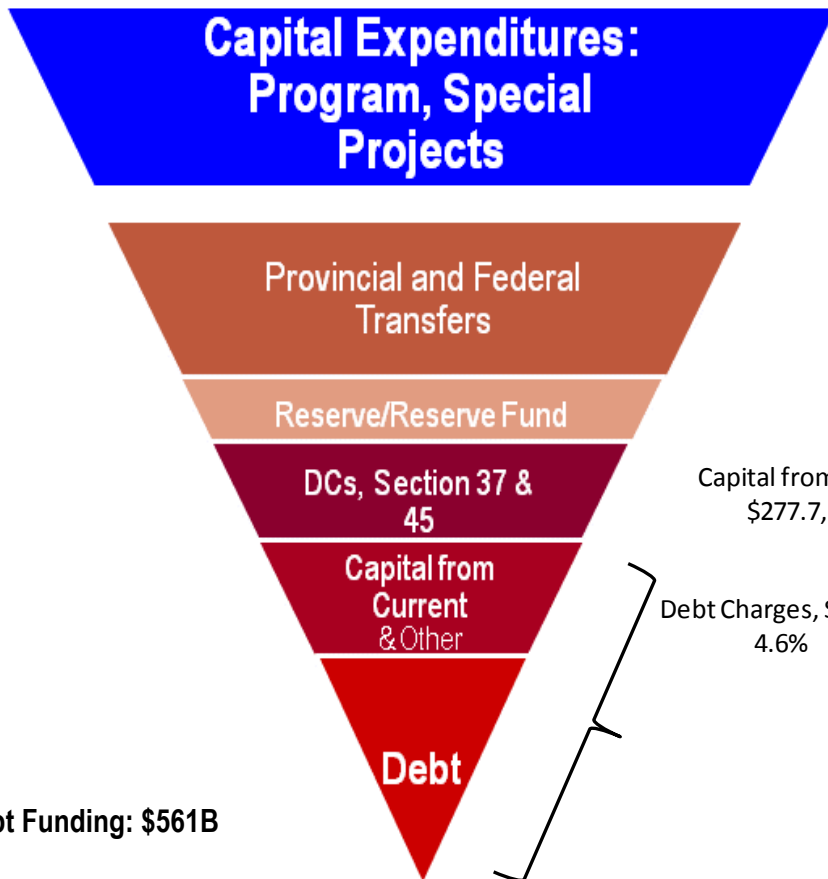
Where the Money Goes
67% TTC/Transportation



Where the Money Comes From



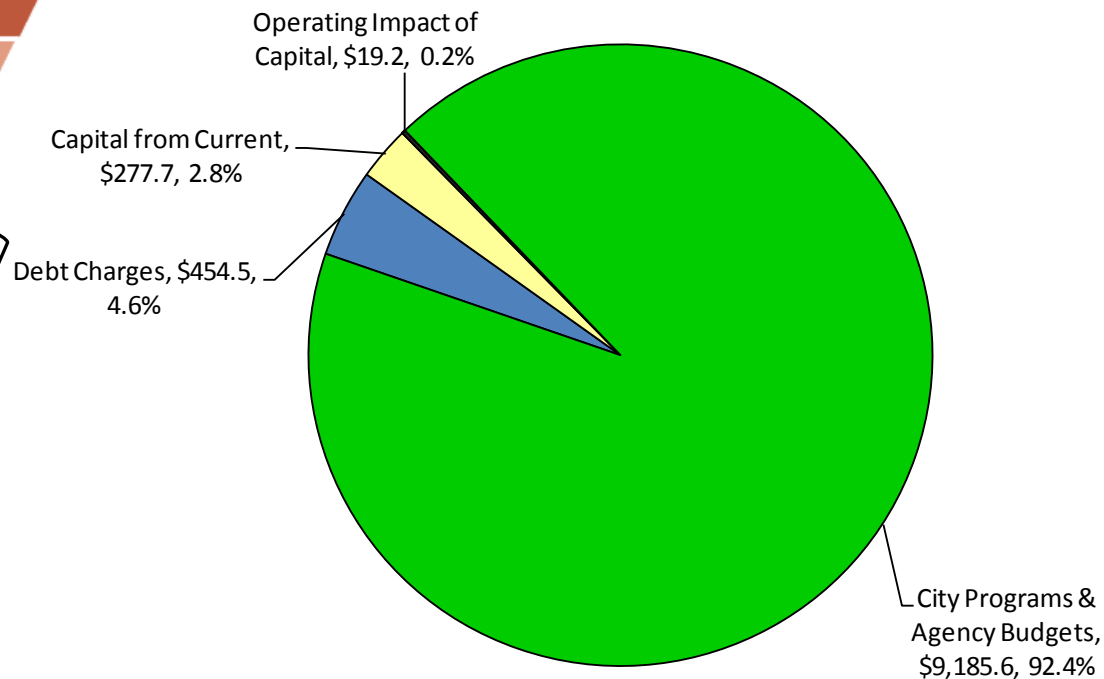
Impact of Capital on the Operating Budget



2015 Debt Funding: \$561B

2015 Gross Expenditures: \$2.8B
(Tax Supported Programs)

2015 \$9.937B Gross Operating Budget (Tax)



2015-2024 Tax Supported Capital Budget and Plan - by Category and Financing Source

\$ Million

Expenditures (\$M)	Capital Plan					2015 - 2019		2020 - 2024		2015 - 2024	
	2015	2016	2017	2018	2019	Total	%	Total	%	Total	%
Health and Safety	34	34	30	15	17	130	1.1%	99	1.3%	229	1.2%
Legislated	77	107	89	97	81	451	3.8%	134	1.7%	585	3.0%
State of Good Repair	1,274	1,573	1,557	1,482	1,396	7,282	61.3%	4,886	62.7%	12,169	61.9%
Service Improvement	254	409	242	130	97	1,131	9.5%	283	3.6%	1,414	7.2%
Growth Related	356	764	391	468	908	2,887	24.3%	2,386	30.6%	5,273	26.8%
Total Expenditures	1,994	2,889	2,309	2,192	2,498	11,882	100%	7,788	100%	19,670	100.0%
Funded By:											
Provincial	169	484	241	282	555	1,730	14.6%	1,573	20.2%	3,303	16.8%
Federal	181	262	196	222	313	1,174	9.9%	1,237	15.9%	2,411	12.3%
Reserves	408	380	360	280	285	1,713	14.4%	931	12.0%	2,644	13.4%
Reserve Funds	115	77	63	58	43	355	3.0%	111	1.4%	466	2.4%
DC	112	161	170	172	172	787	6.6%	538	6.9%	1,325	6.7%
Other	153	233	108	65	60	619	5.2%	261	3.4%	880	4.5%
Capital from Current	259	285	313	344	379	1,580	13.3%	2,544	32.7%	4,124	21.0%
Debt Recoverable	36	73	31	14	16	170	1.4%	77	1.0%	247	1.3%
Debt	561	934	826	756	677	3,754	31.6%	515	6.6%	4,270	21.7%
Total Funding	1,994	2,889	2,309	2,192	2,498	11,882	100.0%	7,788	100.0%	19,670	100.0%

Note: Includes Scarborough Subway

Tax Supported Capital Financing Strategy

Description (\$ Millions)	2012 - 2014 Secured Revenue			Future Year Capital Financing Strategy Revenue Estimates										Total
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Enwave	167													167
Enwave Dividend	11													11
TPLC Dividend	40													40
Prior Year Operating Surplus	214	186	126	75	50	50	50	50	50	50	50	50	50	1,051
MLTT (Above Operating Budget)				40	25	15								80
DC Increases								30	30	30	30	30		150
Future Years BT Dividend	20		10	15	25	25	25	30	30	30	30	30	30	300
Future Years Fed/Prov								50	50	50	50	50		250
TPA One-Time					49									49
Other	1	3												4
Bank Tower Surplus		30												30
Total:	453	219	136	130	149	90	75	160	160	160	160	160	80	2,132

Past, Current & Future Year Funding Requirements														
Description (\$ Millions)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
2012 TTC Capital	45	60	210	180	125	80								700
2013 TTC Capital			42	48	70	85	114	116	60					534
2013 Transportation Capital		15	61	61	48	98	78	69	77	78	79	89	86	838
2014 FM&RE Capital (St. Lawrence N.)				15										15
Other Program Draws			36.9	3.4	7.2	9.3	0.8		0.5					58
Total	45	75	350	292	265	272	193	185	137	78	79	89	86	2,145

Available Capital Financing Strategy Funding (Based on Current Capital Requirements & Future Year Revenue Estimates)														
Description (\$ Millions)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Estimated Reserve Opening Balance	\$27	\$435	\$579	\$365	\$203	\$87	(\$95)	(\$213)	(\$237)	(\$215)	(\$133)	(\$52)	\$19	
Annual Funding Requirements	(\$45)	(\$75)	(\$350)	(\$292)	(\$265)	(\$272)	(\$193)	(\$185)	(\$137)	(\$78)	(\$79)	(\$89)	(\$86)	(\$2,145)
Annual Revenue Estimates	\$453	\$219	\$136	\$130	\$149	\$90	\$75	\$160	\$160	\$160	\$160	\$160	\$80	\$2,132
Estimated Reserve Closing Balance	\$435	\$579	\$365	\$203	\$87	(\$95)	(\$213)	(\$237)	(\$215)	(\$133)	(\$52)	\$19	\$13	
Advance Financing Requirements						95	118	24						237

2015-2024 Tax Supported Capital Budget and Plan: Recommended Debt

Programs / Agencies (\$000)	2015				2015 - 2019				2015 - 2024			
	Gross	Debt/ CFC	Debt Target	Over/ (Under)	Gross	Debt/ CFC	Debt Target	Over/ (Under)	Gross	Debt/ CFC	Debt Target	Over/ (Under)
Citizen Centred Services - A	242,575	93,117	97,466	(4,349)	1,002,292	536,217	470,881	65,336	1,616,499	986,270	924,209	62,061
Citizen Centred Services - B	373,513	252,416	233,457	18,959	2,135,101	1,497,548	1,106,230	391,318	4,138,039	2,950,760	2,127,326	823,434
Internal Services	250,859	108,233	111,488	(3,256)	1,185,939	538,085	420,837	117,248	1,903,948	931,616	763,071	168,545
Other City Programs	25,457	9,023	788	8,235	111,909	22,487	11,561	10,926	205,839	34,187	23,961	10,226
Total - City Operations	892,404	462,789	443,199	19,590	4,435,241	2,594,337	2,009,509	584,828	7,864,325	4,902,833	3,838,567	1,064,266
Agencies	97,140	49,036	73,458	(24,422)	587,239	310,440	380,404	(69,964)	1,141,494	608,085	628,136	(20,051)
Total - Tax Supported before TTC	989,544	511,825	516,657	(4,833)	5,022,480	2,904,777	2,389,913	514,864	9,005,819	5,510,918	4,466,703	1,044,215
Toronto Transit Commission												
Toronto Transit Commission	821,466	292,434	453,552	(161,118)	4,899,947	2,210,575	1,555,618	654,957	6,663,061	2,372,947	1,845,414	527,533
Scarborough Subway Extension	37,204	15,000		15,000	1,367,937	218,499	98,908	119,591	3,409,000	509,499	554,149	(44,650)
Spadina Subway Extension	145,883				591,713				591,713			
Total - TTC	1,004,553	307,434	453,552	(146,118)	6,859,597	2,429,074	1,654,526	774,548	10,663,774	2,882,446	2,399,563	482,883
Tax Supported Programs	1,994,097	819,259	970,209	(150,951)	11,882,077	5,333,851	4,044,439	1,289,412	19,669,593	8,393,364	6,866,266	1,527,098
Rate Supported Programs												
Solid Waste Management	67,924				432,457				671,755			
Toronto Parking Authority	27,928				236,611				389,604			
Toronto Water	726,421				5,194,139				10,984,090			
Rate Supported Programs	822,273				5,863,207				12,045,449			
Total - All Programs	2,816,370	819,259	970,209	(150,951)	17,745,284	5,333,851	4,044,439	1,289,412	31,715,042	8,393,364	6,866,266	1,527,098

Previous Unfunded Projects Now Recommended for Approval by Program - \$1.6 Billion

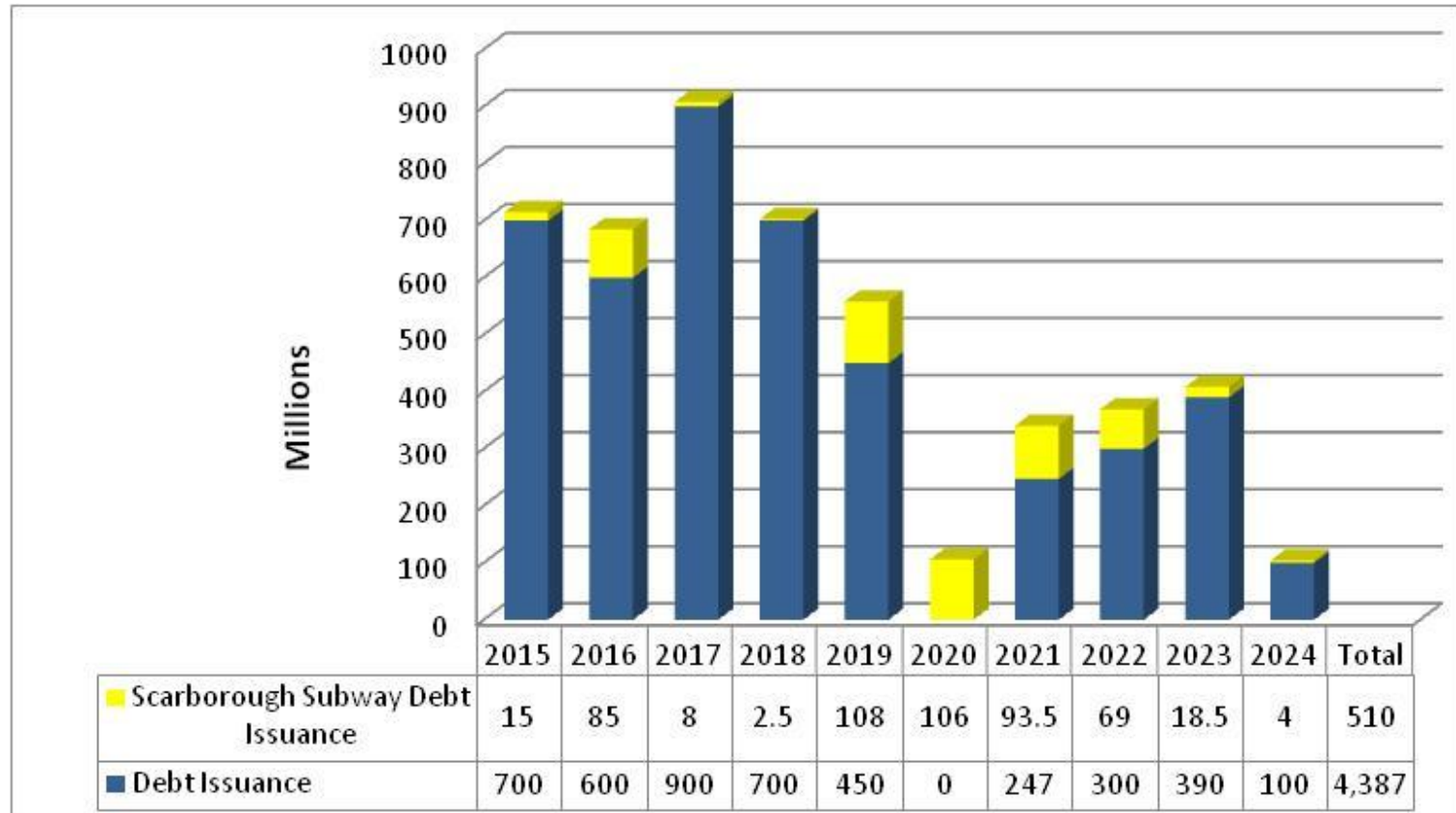
Tax Supported Program	Debt Required for Recommended Projects (\$Million)
Transportation - F.G. Gardiner	433
<u>Transportation - SOGR/Traffic Congestion</u>	<u>357</u>
Transportation - Total	791
TTC	490
Facilities Management & Real Estate	125
Shelter, Support & Housing Admin.	62
Exhibition Place	40
Information & Technology	35
Fire Services	7
Corporate Initiatives	8
Financial Services	5
311 Toronto	5
Additional Debt	1,566



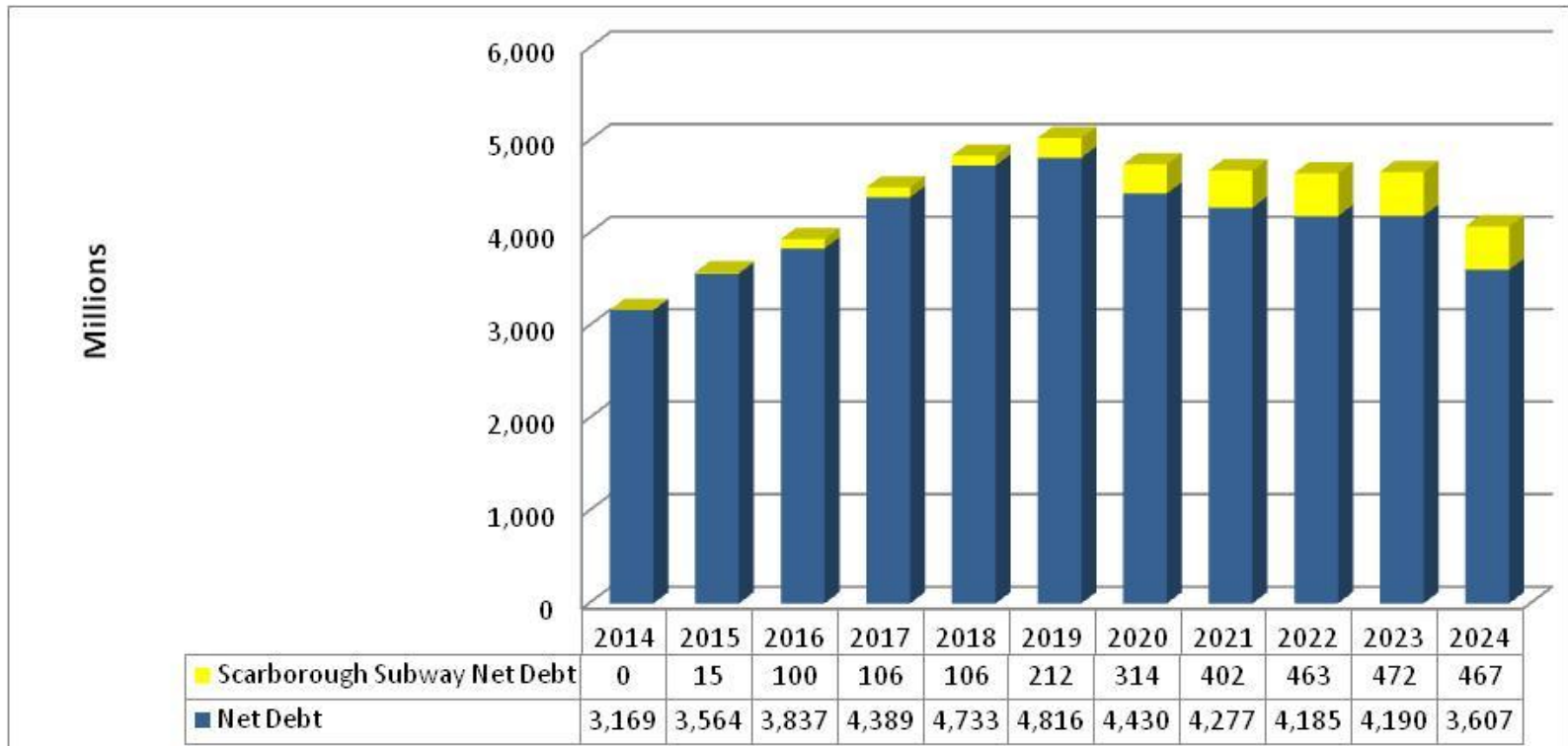
2015 – 2024 Capital Plan Debt Charges Impact



2015 – 2024 Capital Budget and Plan Debt Issuance

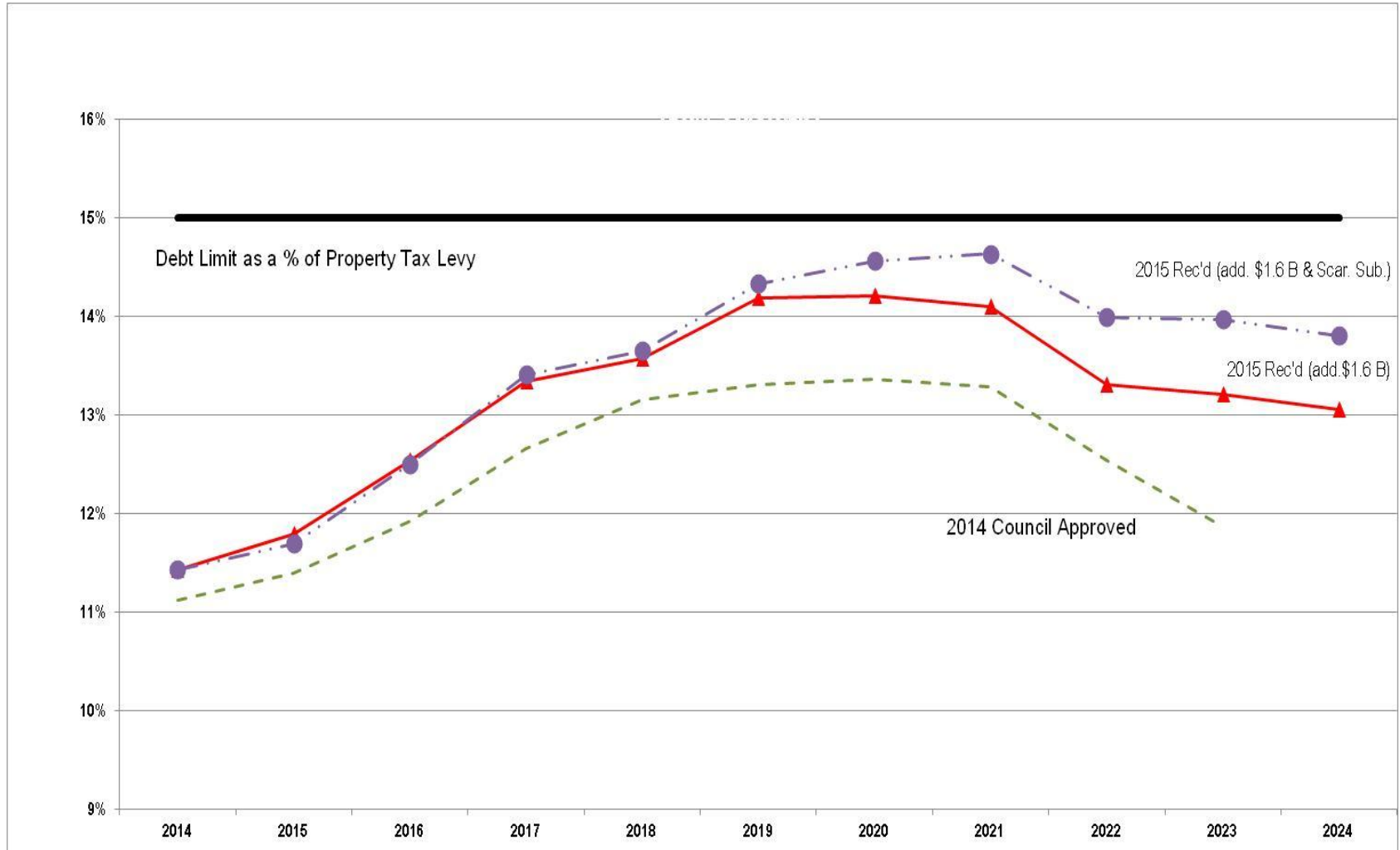


2015 – 2024 Capital Budget and Plan Debt Projection



Debt Charges as % of Tax Levy

– Reaching the 15% threshold



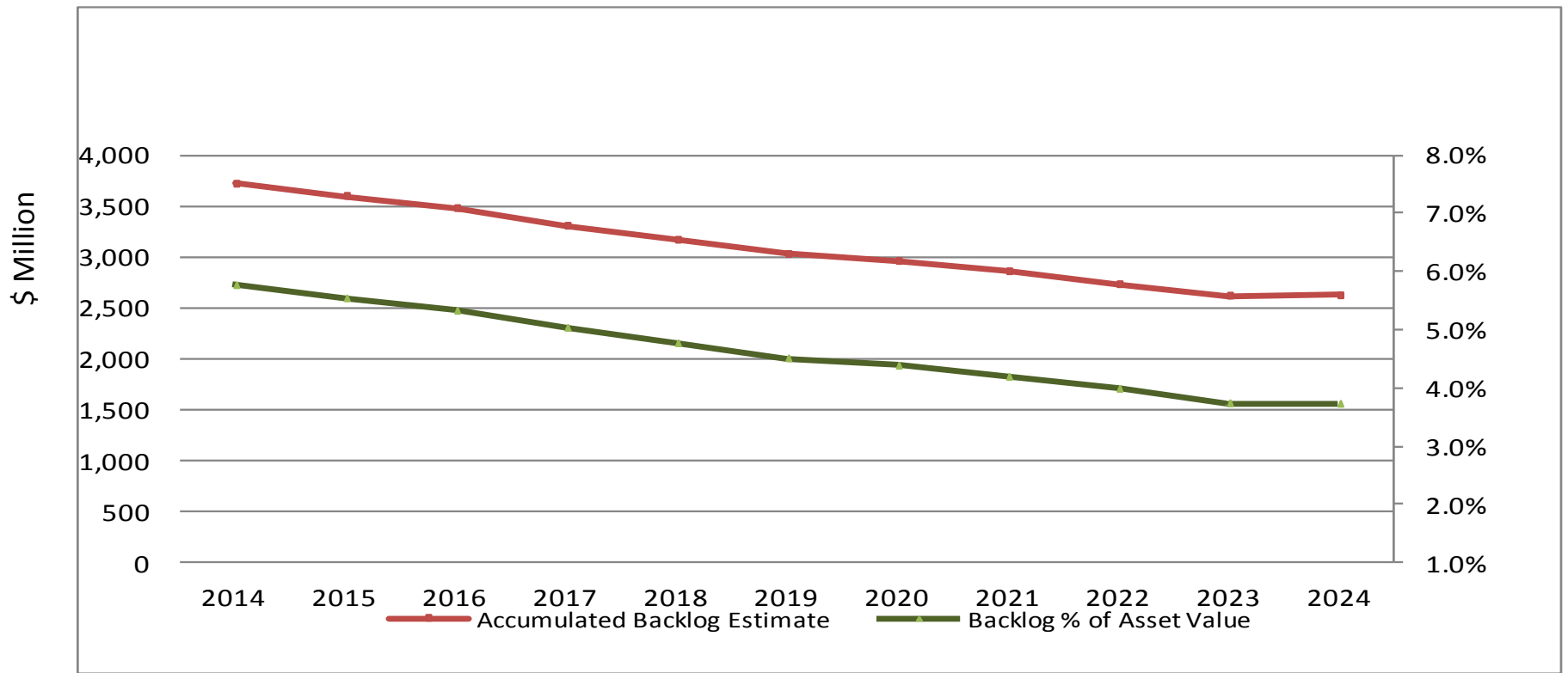


2015-2024 Capital Budget & Plan Impact on State of Good Repair



Tax & Rate

SOGR Backlog As a % of Capital Asset Value

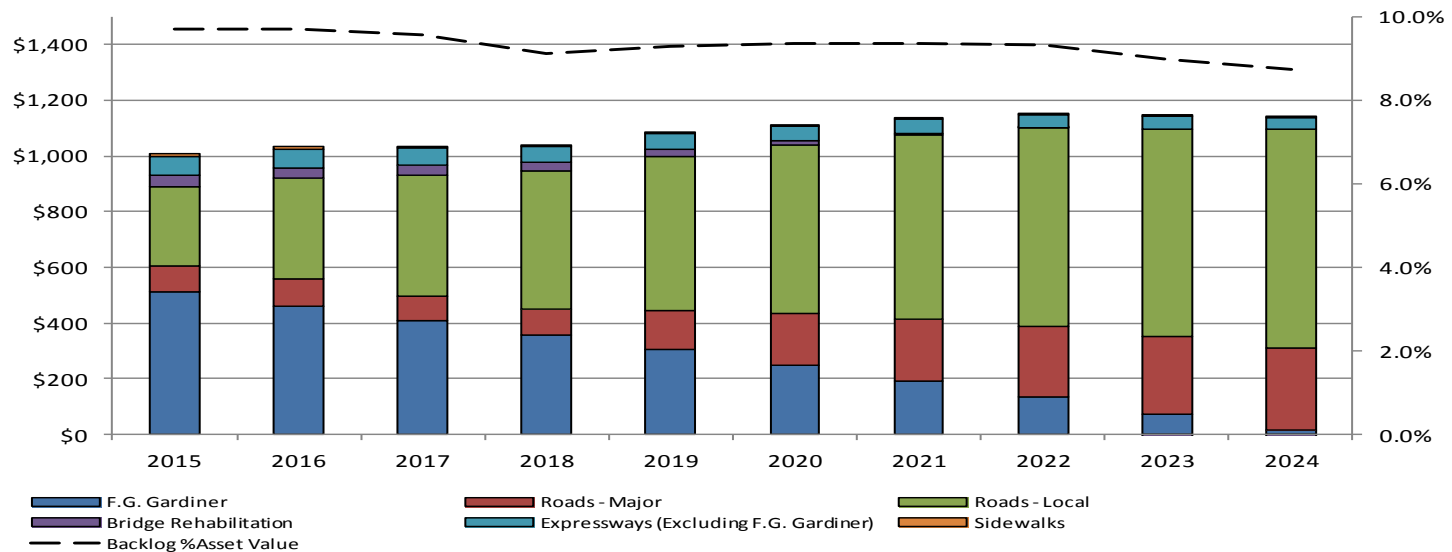


Tax & Rate SOGR Backlog by Program

\$ Million	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Transportation Services	981	1,011	1,032	1,035	1,038	1,081	1,109	1,133	1,150	1,130	1,121
Toronto Transit Commission	30	45	65	90	137	213	295	378	464	533	603
Facilities Management and Real Estate	319	333	369	365	360	361	359	392	376	388	403
Toronto & Region Conservation Authority	239	231	224	214	205	195	184	177	173	159	145
Toronto Public Library	44	43	51	61	69	72	86	95	100	100	129
Parks, Forestry & Recreation	296	311	334	344	370	319	261	201	141	85	85
Toronto Water	1,599	1,430	1,218	1,015	814	612	501	333	192	92	0
Other	209	195	186	182	175	176	164	150	136	134	137
Total SOGR Backlog	3,718	3,599	3,478	3,306	3,168	3,028	2,960	2,859	2,732	2,620	2,623
Total Asset Value (end of year)	64,507	64,993	65,348	65,707	66,466	67,188	67,578	68,241	68,572	70,122	70,381
SOGR as % Asset Value	5.76%	5.54%	5.32%	5.03%	4.77%	4.51%	4.38%	4.19%	3.98%	3.74%	3.73%

Transportation Services SOGR Backlog for Local / Major Roads is Increasing

Transportation Services
Accumulated Backlog by Asset Type and Backlog As a % of Asset Value
(\$ Millions)

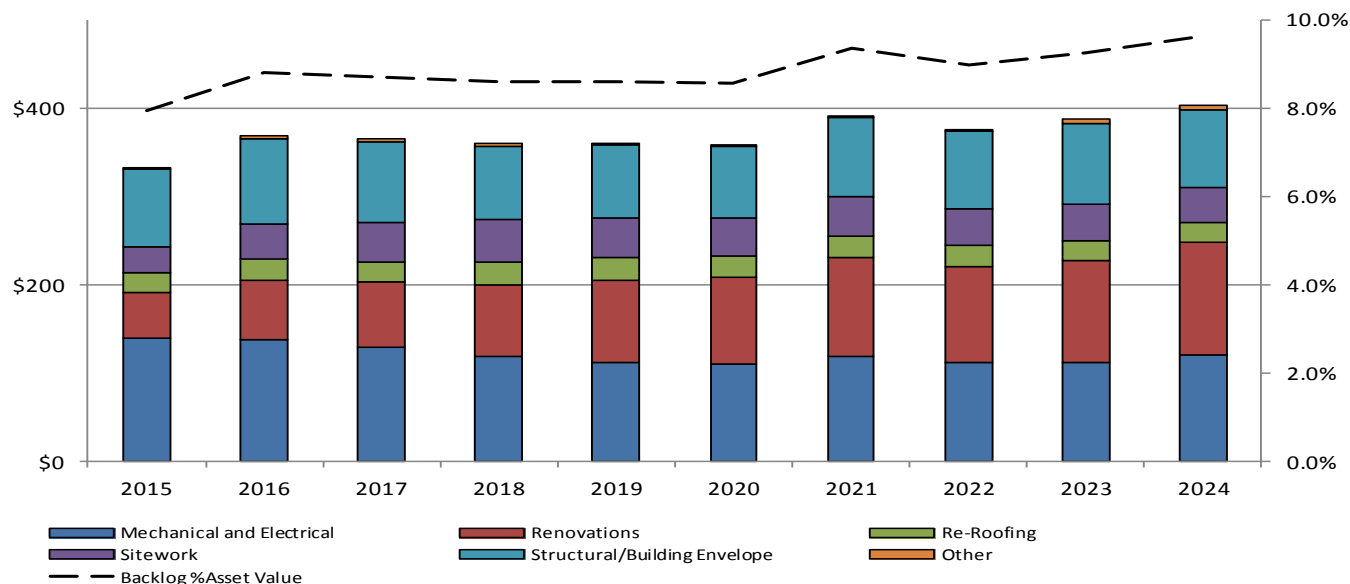


\$Millions	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
F.G. Gardiner	513	463	411	358	304	248	191	133	73	18
Roads - Major	91	94	87	93	141	185	223	256	277	294
Roads - Local	287	364	433	495	554	607	658	709	746	783
Bridge Rehabilitation	42	38	37	29	22	14	7	1	(14)	(19)
Expressways (Excluding F.G. Gardiner)	67	64	62	60	57	54	52	49	47	44
Sidewalks	11	8	5	4	3	1	1	1	0	0
Backlog %Asset Value	9.7%	9.7%	9.6%	9.1%	9.3%	9.4%	9.4%	9.3%	9.0%	8.7%

Facilities Management & Real Estate - SOGR

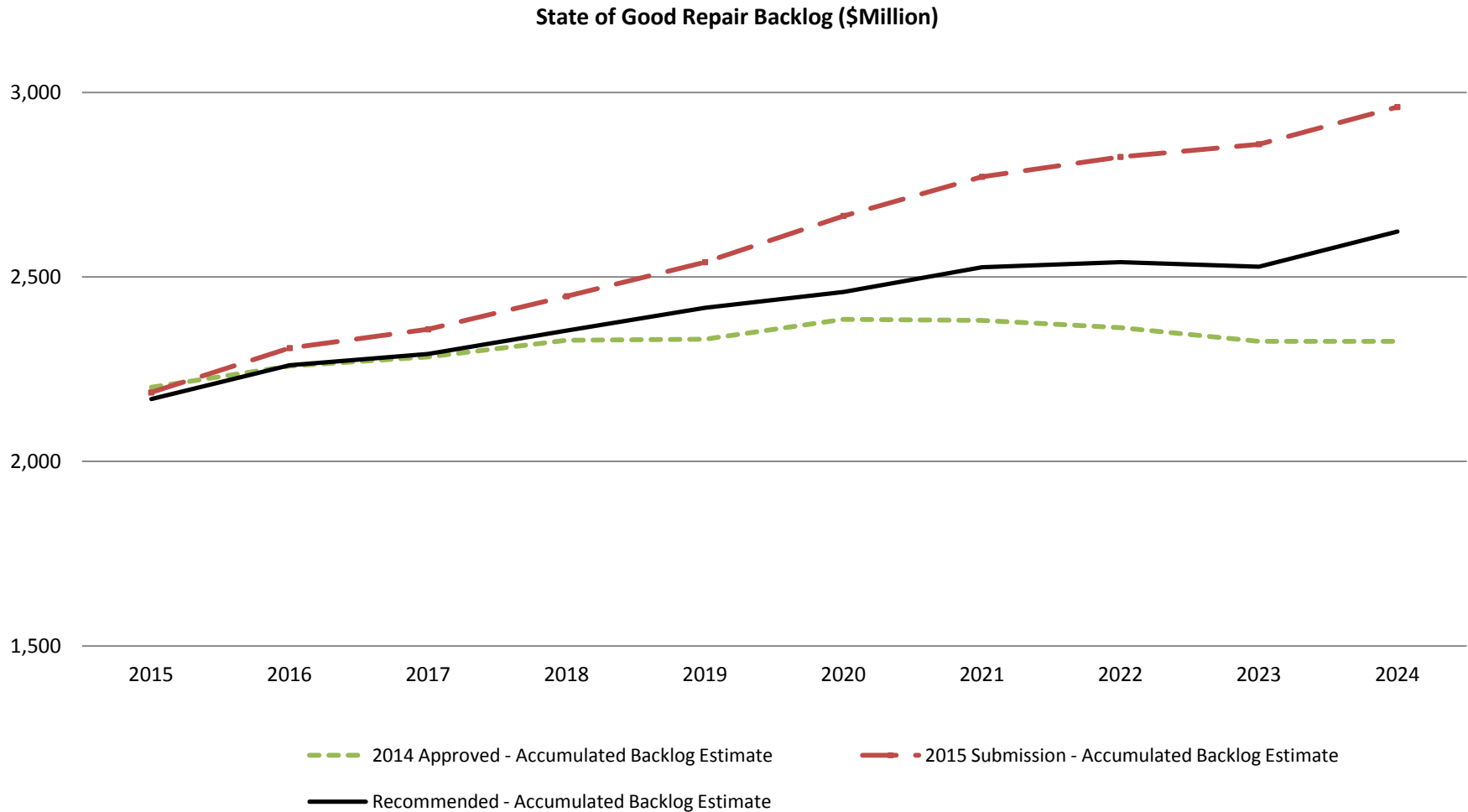
Backlog is Increasing

Facilities Management & Real Estate
Accumulated Backlog by Asset Type and Backlog As a % of Asset Value
 (\$ Million)

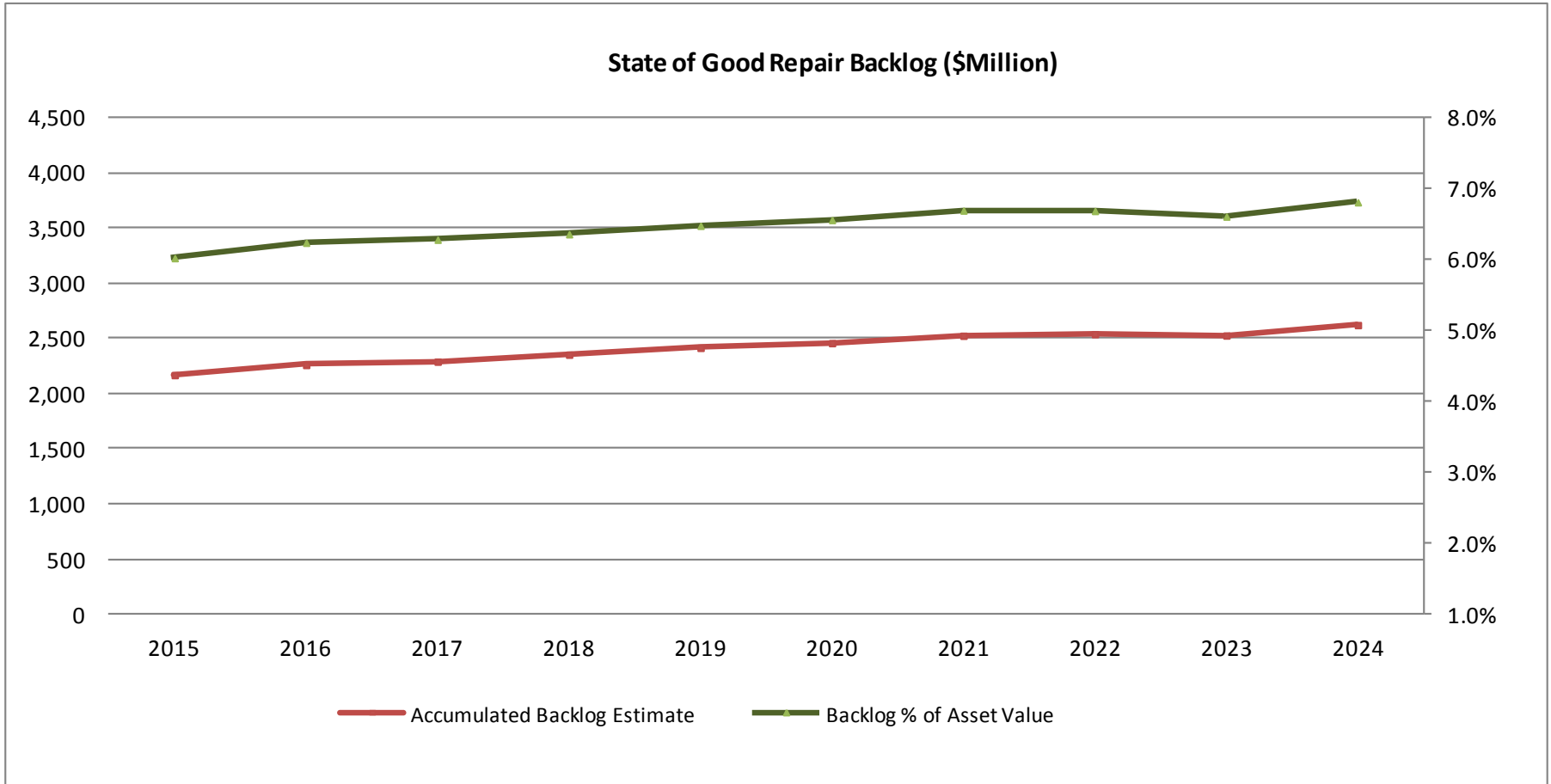


\$Millions	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Mechanical and Electrical	140	139	129	119	113	110	120	111	111	120
Renovations	51	67	74	81	93	99	111	110	117	128
Re-Roofing	22	23	24	26	25	25	25	23	21	22
Sitework	30	40	44	48	46	43	45	43	42	40
Structural/Building Envelope	88	97	91	83	81	80	89	87	92	89
Other	1	3	3	3	3	3	3	3	5	5
Backlog %Asset Value	7.9%	8.8%	8.7%	8.6%	8.6%	8.6%	9.4%	9.0%	9.3%	9.6%

Changes to SOGR Backlog



Tax Supported SOGR Backlog



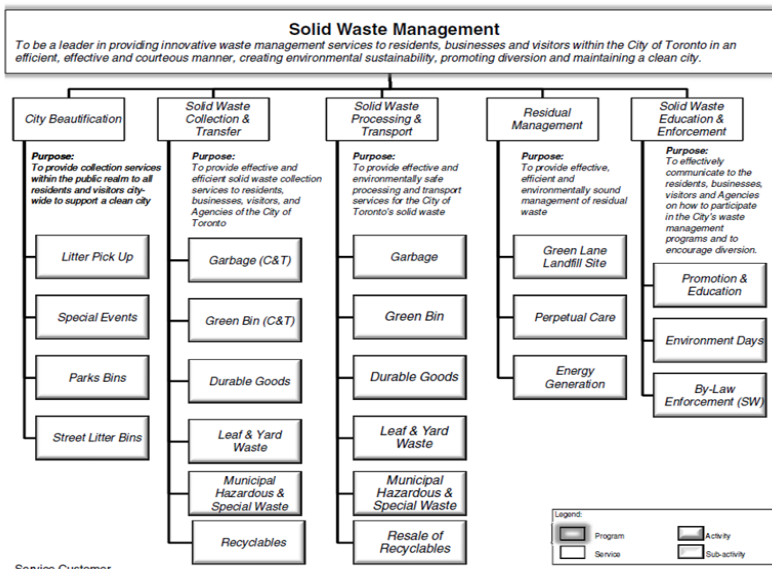


Budget Review and Process



Budget Process is more transparent: Service-Based Budgets

Program Map



Service Customer

City Beautification

- Public realm users
- Local businesses
- Local Communities

Solid Waste Collection & Transfer

- Property owners (residential households - single, semi, townhouse)
- Multi unit residences
- Small Commercial/ Industrial businesses
- Institutional/ ABCDs
- Recyclable material purchasers
- Contracted municipalities/ private sector disposal (Green Lane landfill).

Solid Waste Processing & Transport

- Solid Waste Service Providers

Residual Management

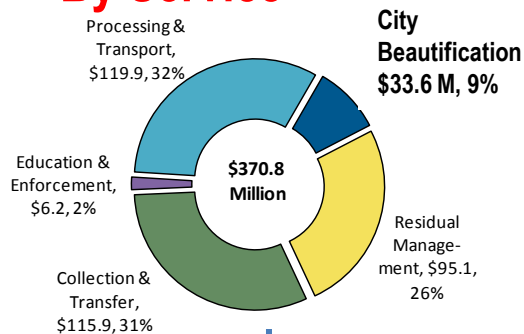
- Solid Waste Service Providers

Solid Waste Education & Enforcement

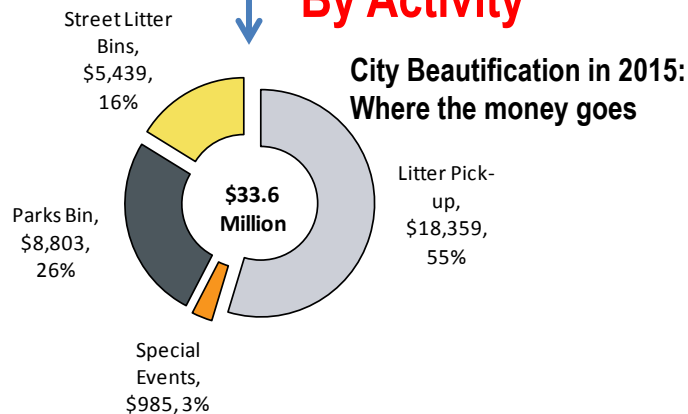
- Property owners (residential households - single, semi, townhouse)
- Multi unit residences
- Small Commercial/ Industrial businesses
- Institutional/ ABCDs



By Service



By Activity



Budget Process is more informative

Toronto 2015 BUDGET Understanding the Toronto City Budget

Building a sustainable, affordable, equitable and resilient city.

The City of Toronto encourages business and industry to make Toronto a better place to live, work and play. Our libraries, water treatment services, road repair services, and other services are provided to residents and businesses around the world. In 2015, these services are provided 365 days a year.

What is the budget? The City's budget is how much money it spends in a year. It is the City's priorities with residents and makes infrastructure will be built.

Each year, City staff prepare the budget and then they meet with residents to make decisions about City services and the City's final budget.

Annually, City staff prepare recommended operating budgets for Toronto Water, Management Services and the Toronto Parking Authority.

City staff prepare the budget proposal for the City Council to approve. Residents can see how their taxes are used for three programs.

Toronto 2015 BUDGET Rate Supported Budgets

In addition to the operating and capital budget of Toronto, the City has three fee rate supported programs: Toronto Solid Waste Management, Toronto Parking Authority.

These programs are funded by the user. For example, your garbage or recycling costs are based on how much water you use of your garbage bin. In turn, collected from these user fees pay for the services that are provided.

City services touch your life every day. That's why the City's budget is so important. More than just deciding what gets taxed and by how much, the budget

Toronto 2015 BUDGET How to Get Involved in the Budget Process

Every time you use a park or recreation centre, get a book from the library, have your garbage or recycling picked up, drink clean water, ride the TTC or have emergency services rush to your aid when you make a 911 call – you are using a City of Toronto service.

Be Informed

The first step is to be informed. You can learn about the budget process on our website: toronto.ca/budget2015 and in our Budget Basics brochure, "Understanding the City Budget".

The staff recommended tax and rate operating and capital budgets will be presented to the Budget Committee on Tuesday, January 27. At that meeting, the City Manager, the City Manager and Chief Financial Officer, Director of Financial Planning will present the recommended operating and capital budgets to Budget Committee members, the public.



Toronto 2015 BUDGET

BUDGET AT A GLANCE

2015 Staff Recommended Tax and Rate Supported Operating Budget and 2015 – 2024 Capital Budget and Plan

TORONTO TRANSIT COMMISSION DID YOU KNOW?



Since 1921, the Toronto Transit Commission (TTC) has transported over four times the world's population.

TOTAL NUMBER OF VEHICLES:



Now carries approximately one billion riders every **23 MONTHS**



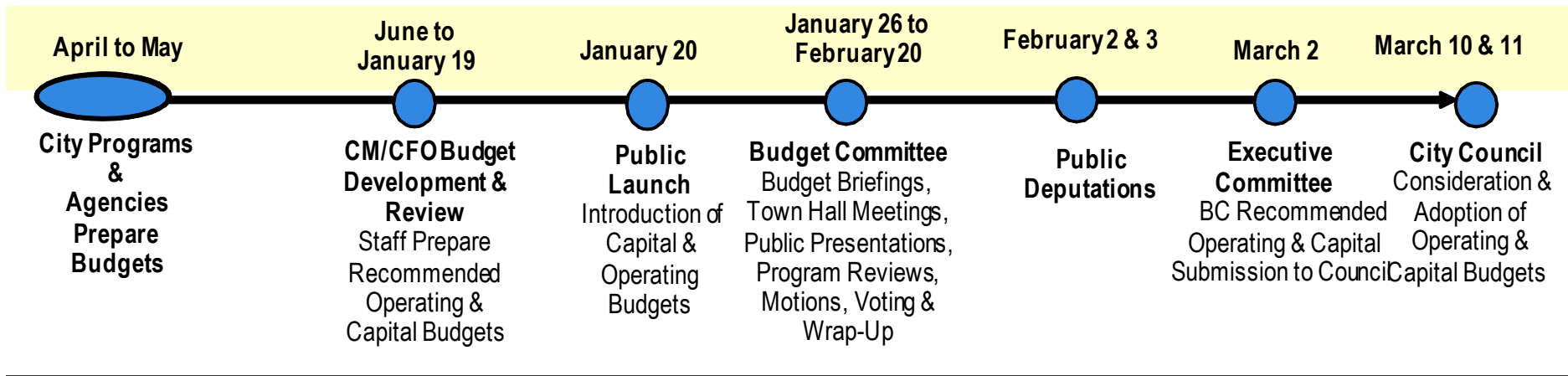
toronto.ca/budget2015



Getting Toronto Moving

Toronto 2015 BUDGET

2015 Budget Process



2015 Budget Schedule - Key Dates

Activity	Operating/Capital Budget - Rate Supported Programs	Capital Budget - City Divisions & Agencies	Operating Budget - City Divisions & Agencies
Budget Submission Deadline	23-Jun	30-May	23-Jun
Budget Launch - Budget Committee	January 20, 2015		
Budget Briefings (Budget Committee)	January 26 - 29, 2015		
Public Presentations (Budget Committee)	February 2 - 3, 2015		
Program Reviews (Budget Committee)	February 4 - 5, 2015		
Budget Committee Wrap-up	February 13, 2015		
Budget Committee Final Wrap-up	February 20, 2015		
Special Executive Committee	March 2, 2015		
Special City Council	March 10 - 11, 2015		

Thank You

