



Children's Services

I: 2014 – 2023 CAPITAL BUDGET AND PLAN OVERVIEW

2014 – 2023 Capital Budget and Plan Highlights

The 10-Year Recommended Capital Plan balances the need to increase the number of child care centres in under-served, high needs communities; maintain the directly operated child care centres in a state of good repair; and to develop new technology systems that will deliver application efficiencies and provide administrative savings.

Children's Services provides child care services across the City in 52 municipal child care centres, 25 of which are in City owned facilities. These centres have an asset replacement value of \$56.955 million.

The 10-Year Recommended Capital Budget and Plan dedicates funding of \$20.791 million for 6 new child care centres, (536 spaces) with 5 scheduled for completion by 2023, while focusing on maintaining the current centres in a state of good repair (SOGR) by allocating SOGR funding of \$14.110 million that will eliminate the SOGR backlog of \$5.893 million and address current repair needs in the 25 City operated child care centres; as well as \$3.344 million to implement accessibility upgrades required by the Province; and \$1.612 million for building retrofits, required for the transition of child care centres impacted by Full Day Early Learning Program (FDK).

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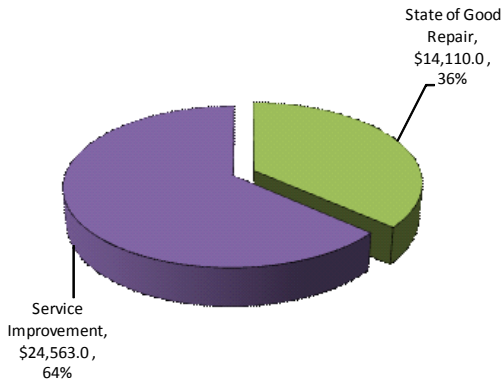
Contacts

Ritu Sadana
Manager, Financial Planning
Tel: (416) 395-6449
Email: rsadana@toronto.ca

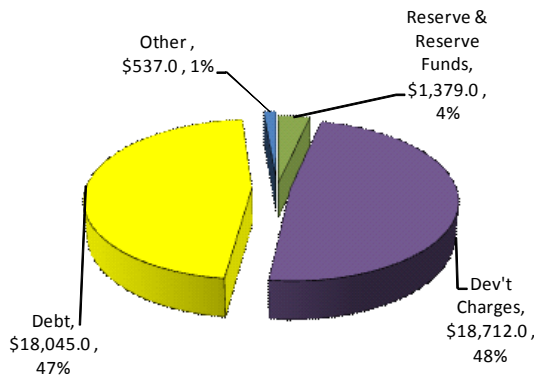
John Forsyth
Financial Planning Analyst
Tel: (416) 392-5198
Email: jforsyt0@toronto.ca

Capital Spending and Financing

2014-2023 Capital Budget and Plan Expenditures
\$38.673 Million
(\$Million)



2014-2023 Capital Budget and Plan by Funding Source
\$38.673 Million
(\$Million)



Where does the money go?

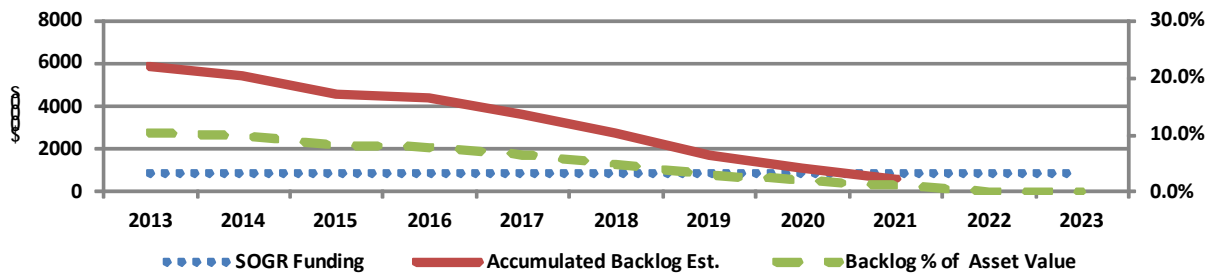
The 2014–2023 Recommended Capital Budget and Plan totals \$38.673 million and provides \$20.791 million for the construction of 6 new child care centres; \$14.110 million for capital maintenance in the 25 City operated child care centres; and includes \$3.722 million for technology and other service improvement projects.

Where the money comes from?

The 10-year Recommended Capital Plan requires new debt funding of \$18.045 million or 46.7%; \$18.712 or 48.4 % in Development Charge Funding; \$1.379 million or 3.6 % in Reserve Funding; \$0.467 million or 1.2% in Section 37 funding; and \$0.070 million or 0.1% in Other third party funding.

55% or \$21.240 million of the funding is allocated to years 2014 through 2018 and 45% or \$17.433 million to years 2019 through 2023, with recommended funding totaling \$38.673 million.

State of Good Repair Backlog



The 10-Year Recommended Capital Plan's spending on State of Good Repair (SOGR) is \$14.110 million. This funding will eliminate the backlog of \$5.893 million (10.3% as a percentage of 2013 asset value) by 2022.

Key Challenges and Priority Actions

Delivering Six New Child Care Centres: The 2014-2023 Recommended Capital Plan includes \$20.791 million dedicated for the construction of six new child care centres with 536 new spaces. Two of the sites are identified, with the location of the remaining four of the centres not identified.

Service Efficiency Implementation Project

Funding of \$3.175 million is included to support a feasibility study, with the subsequent development of IT applications that will provide efficiencies by improving on-line support for the annual budget submissions for POS operators; and reducing the amount of staff time required to perform annual family fee subsidy assessments.

2014 Capital Budget Highlights

The 2014 Recommended Capital Budget of \$5.014 million including carry forward funding for Children's Services will:

- Continue to deliver capital upgrades in the municipally owned child care centres located in City-owned facilities, (\$1.584 million) which are part of the ongoing Toronto Early Learning Child Care Centres (TELCCC) SOGR project of \$14.110 million;
- Complete the delivery of the CSIS III system upgrade (\$2.108 million);
- Complete upgrades to the Squirrel's Nest Day Care Centre (\$0.077 million);
- Complete the security upgrades at the Regent Park Children's Hub (\$0.070 million);
- Begin the feasibility study for the Service Efficiency Implementation project of \$0.625 million to establish the foundation for the project development; and
- Begin the construction of the St. John Evangelist Catholic School for \$3.900 million, a joint project with the Toronto



Galloway Child Care Centre



Heartbeart Child Care Centre



St. Andrew Child Care Centre

II: RECOMMENDATIONS

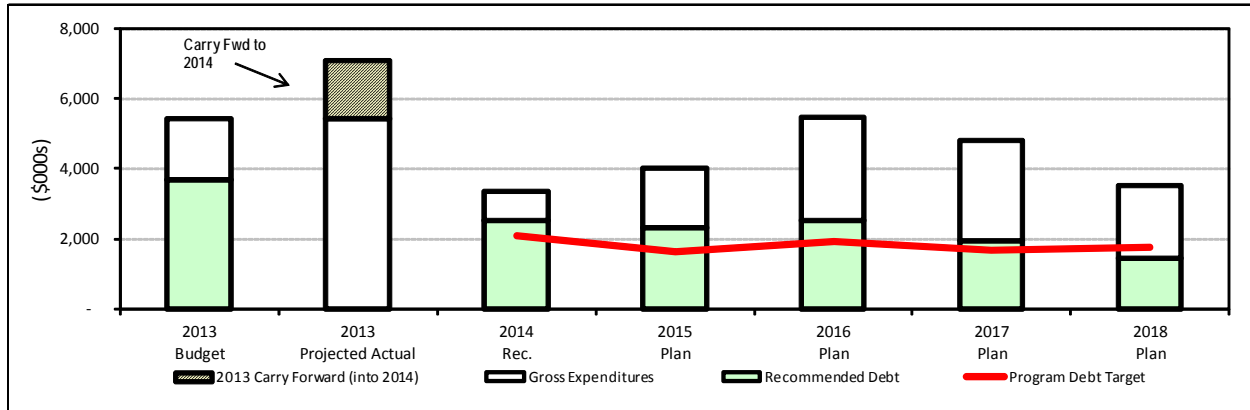
Recommendations

The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2014 Recommended Capital Budget for Children's Services with a total project cost of \$6.109 million, and 2014 cash flow of \$5.014 million and future year commitments of \$3.350 million comprised of the following:
 - a) New Cash Flow Funding for:
 - i) three new / change in scope sub-projects with a 2014 total project cost of \$6.109 million that requires cash flow of \$2.759 million in 2014 and a future year cash flow commitment of \$1.060 million in 2015; \$1.262 million in 2016; \$0.616 million in 2017; and \$0.412 million in 2018;
 - ii) one previously approved sub-project with a 2014 cash flow of \$0.450 million;
 - iii) two sub-projects from previously approved projects with carry forward funding from 2012 and prior years requiring 2014 cash flow of \$0.147 million which forms part of the affordability target that requires Council to reaffirm its commitment; and
 - b) 2013 approved cash flow for one previously approved sub-project with carry forward funding from 2013 into 2014 totaling \$1.658 million.
2. City Council approve new debt service costs of \$0.048 million in 2014 and incremental debt costs of \$0.302 million in 2015 resulting from the approval of the 2014 Recommended Capital Budget, to be included in the 2014 and future year operating budgets.
3. City Council approve the 2015-2023 Recommended Capital Plan for Children's Services totaling \$31.967 million in project estimates, comprised of \$2.980 million in 2015; \$4.212 million in 2016; \$4.199 million in 2017; \$3.143 million in 2018; \$3.515 million in 2019; \$3.396 million in 2020; \$4.767 million in 2021; \$3.097 million in 2022; and \$2.658 million in 2023.
4. All sub-projects with third party financing be approved conditionally, subject to the receipt of such funding in 2014 and if such funding is not forthcoming, their priority and funding be reassessed by City Council relative to other City-financed priorities and needs.
5. City Council approve 13 temporary capital positions for the delivery of new 2014 capital projects and that the duration for each temporary position not exceed the life and funding of its respective project / sub-project.

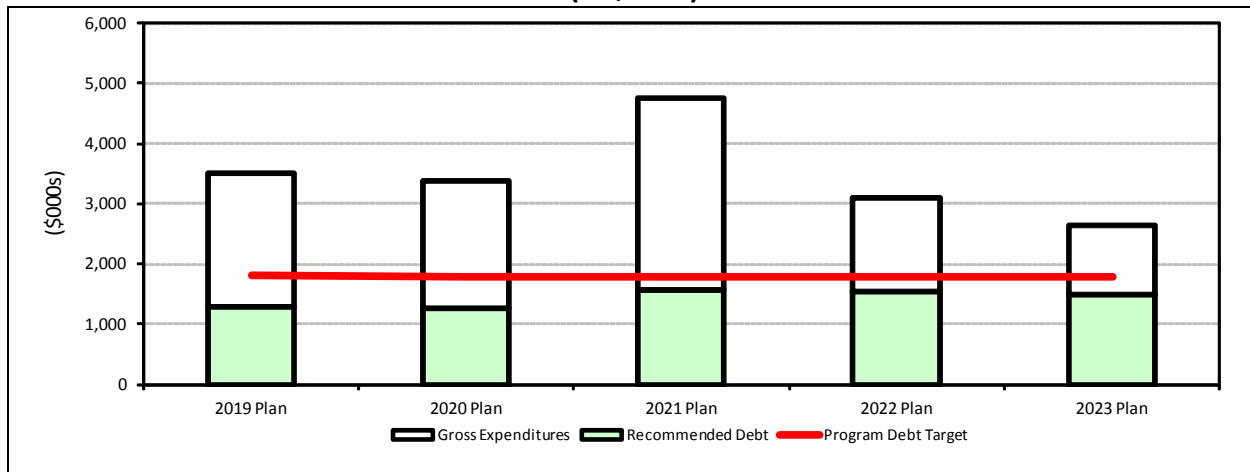
III: 10-YEAR CAPITAL PLAN

10 - Year Capital Plan 2014 Recommended Budget, 2015 – 2018 Recommended Plan (In \$000s)



	2014 Budget and 2015 - 2018 Plan								5-Year Total Percent
	2013		2014	2015	2016	2017	2018	2014 - 2018	
	Budget	Projected Actual							
Gross Expenditures:									
2013 Capital Budget & Approved FY Commitments	5,468	5,468	450					450	2.1%
Recommended Changes to Approved FY Commitments			2,759	1,060	1,262	616	412	6,109	28.8%
2015- 2018 Capital Plan Estimates				2,980	4,212	4,199	3,143	14,534	68.4%
2-Year Carry Forward for Reapproval			147					147	0.7%
1-Year Carry Forward to 2014		1,658							
Total Gross Annual Expenditures & Plan	5,468	7,126	3,356	4,040	5,474	4,815	3,555	21,240	100.0%
Program Debt Target			2,085	1,644	1,946	1,666	1,765	9,106	
Financing:									
Recommended Debt	3,718		2,534	2,355	2,542	1,969	1,473	10,873	51.2%
Reserves/Reserve Funds	1,122		180	231	126	112	208	857	4.0%
Development Charges	246		495	1,404	2,639	2,561	1,874	8,973	42.2%
Provincial/Federal Debt Recoverable									
Other Revenue			147	50	167	173		537	2.5%
Total Financing			3,356	4,040	5,474	4,815	3,555	21,240	100.0%
By Project Category:									
Health & Safety Legislated SOGR			1,584	1,430	1,542	1,469	1,473	7,498	35.3%
Service Improvement Growth Related			1,772	2,610	3,932	3,346	2,082	13,742	64.7%
Total by Project Category			3,356	4,040	5,474	4,815	3,555	21,240	100.0%
Asset Value (\$) at year-end	56,955		56,955	56,955	56,955	56,955	56,955		
Yearly SOGR Backlog Estimate (not addressed by current plan)			(416)	(870)	(205)	(812)	(849)		
Accumulated Backlog Estimate (end of year)	5,893		5,477	4,607	4,402	3,590	2,741		
Backlog: Percentage of Asset Value (%)	10.3%		9.6%	8.1%	7.7%	6.3%	4.8%		
Debt Service Costs			44	302	286	296	228	1,156	
Operating Impact on Program Costs									
New Positions									

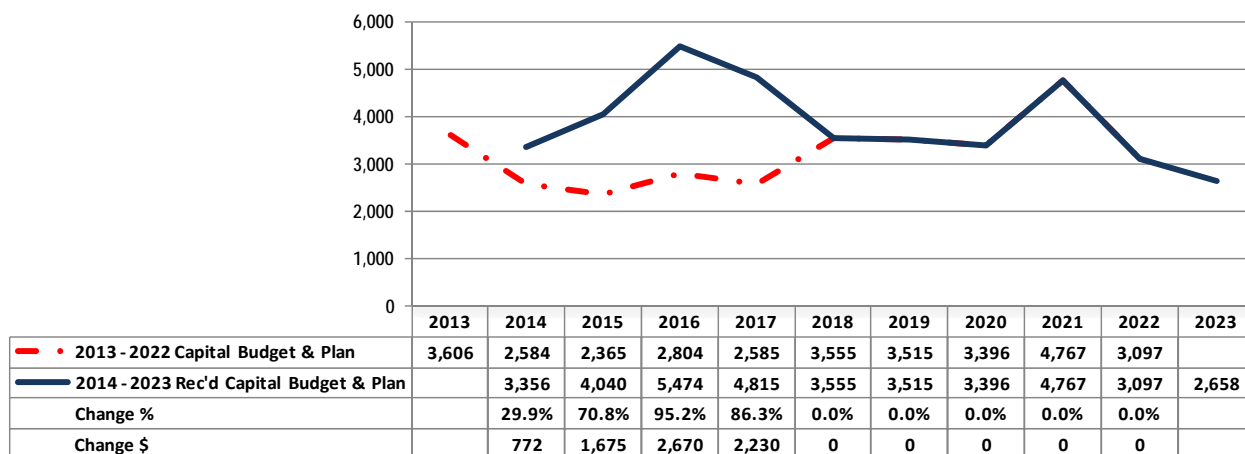
**10 - Year Capital Plan
2019 - 2023 Recommended Plan
(In \$000s)**



	2019 - 2023 Capital Plan						10-Year Total Percent
	2019	2020	2021	2022	2023	2014 - 2023	
Gross Expenditures:							
2013 Capital Budget & Approved FY Commitments						450	1.2%
Recommended Changes to Approved FY Commitments						6,109	15.8%
2014 New/Change in Scope and Future Year Commitments	3,515	3,396	4,767	3,097	2,658	31,967	82.7%
2019 - 2023 Capital Plan Estimates						147	0.4%
2-Year Carry forward							
Total Gross Annual Expenditures & Plan	3,515	3,396	4,767	3,097	2,658	38,673	100.0%
Program Debt Target	1,819	1,780	1,780	1,780	1,780	18,045	
Financing:							
Recommended Debt	1,285	1,276	1,575	1,540	1,496	18,045	46.7%
Reserves/Reserve Funds	223	167	132			1,379	3.6%
Development Charges	2,007	1,953	3,060	1,557	1,162	18,712	48.4%
Provincial/Federal							
Debt Recoverable							
Other Revenue						537	1.4%
Total Financing	3,515	3,396	4,767	3,097	2,658	38,673	100.0%
By Project Category:							
Health & Safety							
Legislated							
SOGR	1,285	1,226	1,367	1,367	1,367	14,110	36.5%
Service Improvement	2,230	2,170	3,400	1,730	1,291	24,563	63.5%
Growth Related							
Total by Project Category	3,515	3,396	4,767	3,097	2,658	38,673	100.0%
Asset Value(\$) at year-end	60,855	60,855	64,755	68,655	68,655		
Yearly SOGR Backlog Estimate (not addressed by current plan)	(1,024)	(604)	(522)				
Accumulated Backlog Estimate (end of year)	1,716	1,112	590				
Backlog: Percentage of Asset Value (%)	2.8%	1.8%	0.9%	0.0%	0.0%		
Debt Service Costs	174	154	159	189	184	2,016	
Operating Impact on Program Costs							
New Positions							

Key Changes to the 2013 - 2022 Approved Capital Plan

**Changes to the 2013 -2022 Approved Capital Plan
(In \$000s)**



The 2014 Recommended Capital Budget and the 2015-2023 Capital Plan reflects an increase of \$7.347 million from the 2013-2022 Approved Capital Plan. The changes to the 2013 - 2022 Approved Capital Plan result from greater utilization of Program reserve funding, allowing Children Services to include the following changes to the 10-year period, as outlined below:

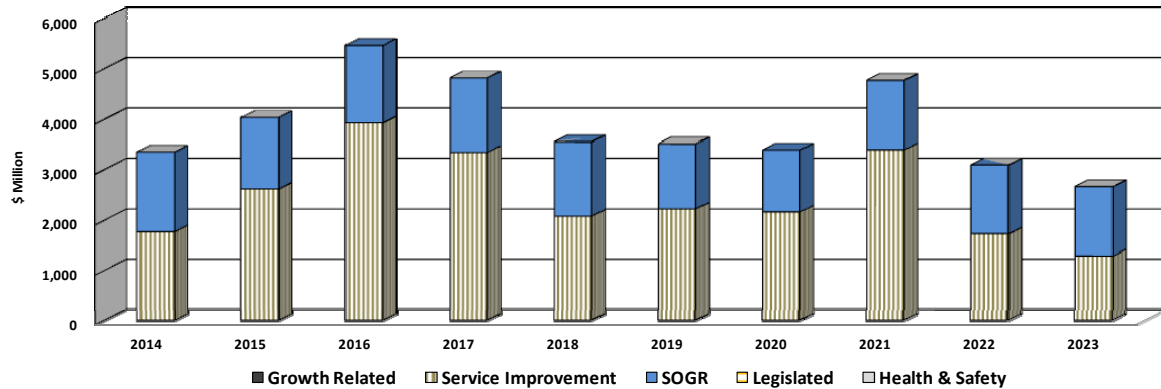
- Added \$0.147 million in 2012 carry forward funding to the cash flow requirements for 2014 to complete the upgrades to the Squirrel's Nest Child Care Centre of \$0.077 million; and \$0.070 million to the Regent Park Children's Hub;
- Added \$0.125 million to the SOGR capital maintenance in 2015 to fund increased project management costs;
- Added the Service Efficiency Study CSIS Implementation project at a cost of \$3.175 million with \$0.625 million in 2014 for a feasibility study, and \$2.550 million in years 2015 through 2017 to implement changes to the Program's existing CSIS 3 IT system (in the last phase of development) that will generate additional operational and administrative savings by improving on-line support for the annual budget submissions for POS operators; and reducing the amount of staff time required to perform annual family fee subsidy assessments; and
- Added \$3.900 million over the period 2015 through 2017 to fund the delivery of the Avondale Public School Child Care Centre in partnership with the Toronto District School Board.

The following chart details the key project cash flow changes to the 2013 – 2022 Approved Capital Plan.

**Summary of Project Changes
(In \$000s)**

	Total Project Cost	2014		2015		2016		2017		2018		2014 - 2018		2014 - 2022		Revised Total Project Cost
		Gross	Debt	Gross	Debt	Gross	Debt	Gross	Debt	Gross	Debt	Gross	Debt	Gross	Debt	
<i>Previously Approved</i>																
TELCCC State of Good Repair	12,618			125	125							125		125		12,743
Squirrel's Nest Day Care Centre	375	77										77		77		375
Regent Park Children's Hub	5,397	70										70		70		5,397
Total Previously Approved	18,390	147		125	125							272		272		18,515
<i>New</i>																
Service Efficiency Implementation	3,175	625	625	1,050	1,050	1,000	1,000	500	500			3,175	3,175	3,175	3,175	3,175
Avondale Public School	3,900			500		1,670		1,730				3,900		3,900	3,900	3,900
Total New	7,075	625	625	1,550	1,050	2,670	1,000	2,230	500			7,075	3,175	7,075	7,075	7,075
Total Changes	25,465	772	625	1,675	1,175	2,670	1,000	2,230	500			7,347	3,175	7,347	7,075	25,590

**2014 – 2023 Recommended Capital Plan
2014 – 2023 Capital Plan by Project Category
(In \$000s)**

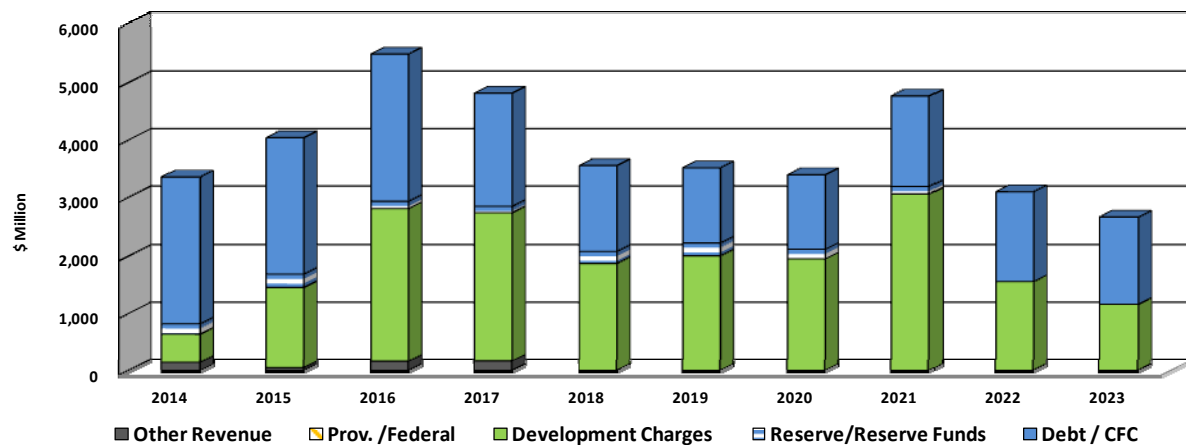


The 10-Year Recommended Capital Plan for Children's Services of \$38.673 million provides funding of \$14.110 million for SOGR projects; and \$24.563 million for Service Improvement projects:

- SOGR projects total \$14.110 million or 37% of the project funding included in the 10-Year Recommended Capital Plan, with \$1.584 million required in 2014 and \$5.914 million required in 2015 through to 2018 (an average of \$1.479 million per year) and \$6.612 million for the second 5 year period, 2019 through to 2023 (an average of \$1.322 million per year).
- The higher investment in SOGR for the first 5 years compared to the second 5-year reflects Children Services' commitment to achieve balance between maintaining existing City assets in a state of good repair, with the delivery of new child care centres.

- Service Improvement projects total \$24.563 million or 63% of the total project funding in the 10-Year Recommended Capital Plan, with \$13.742 million to be funded in 2014 through 2018; and \$10.821 million required in 2019 through to 2023 (an average of \$2.456 million per year over the ten-year term). The higher funding in the first 5 years allows the Program to implement technology enhancements, while funding the construction of two new child care centres.
 - Funding of \$1.772 million is required in 2014 to complete the following projects: the upgrades at the Squirrel's Nest Day Care Centre of \$0.077 million; \$0.070 million for the installation of the security system at the Regent Park Children's Hub; and \$0.450 million for the CSIS IT project. New funding of \$0.625 million is required for the Service Efficiency Implementation system, and \$0.550 million to begin the construction of the St. John the Evangelist Catholic School child care centre, with future year commitments of \$3.350 million required for 2015 – 2018.
 - Construction of the Avondale Centre begins in 2015 requiring \$0.500 million, with \$3.400 million required in years 2016 through to 2017.
 - Construction of Child Care Centre #6 begins in 2017 requiring \$0.500 million in 2017, with an additional \$3.400 million necessary in years 2018 and 2019.
 - Child Care Centre # 7 at a cost of \$3.900 million commences in 2019 and is scheduled for completion in 2021.
 - Child Care Centre # 8 at a cost of \$3.900 million commences in 2020 and is scheduled for completion in 2022.
 - Child Care Centre # 9, which has a project cost of \$3.900 million, commences in 2023 with cash flow funding of \$1.291 million required in 2023, and \$2.609 million scheduled for completion beyond the 2014 – 2023 term.
- Including these new centers in the latter years of the Plan allows the Program to coordinate the timing of the construction of the new centres with community needs, as community requirements can be more accurately determined after Full Day Kindergarten has been implemented.

2014–2023 Capital Plan by Funding Source
(In \$000s)



The 10-Year Recommended Capital Plan of \$38.673 million will be financed by \$18.045 million of debt; \$18.712 million from Development Charges; \$1.379 million from Reserve Funds; and \$0.537 million in Other Revenue.

- Debt accounts for \$18.045 million or 46.7% of the financing required for the 2014 Budget and 2015 –2023 Capital Plan. The 10-Year Capital Plan exceeds the debt target in years 2014 – 2017 of the plan, and is below the target in years 2018 – 2023, with the Program meeting its debt target for the 10 year period.
- Development Charges of \$18.712 million fund construction of six new child care centres commencing in 2014 through 2023, with \$8.973 million provided in the first 5 years of the Capital Plan period, \$9.739 million required in the last 5 years of the Plan. There is an even distribution of the cash flow required for the construction cost of the 6 new centres over the term of 10-Year Plan with funding of \$1.129 million provided for the years 2014 through 2021. Additional Development Charge funding is available with Council approval of the new Development Charge By Law.
- Reserve and Reserve Funds constitute \$0.857 million or 4.0% of the required funding in the first 5 years, and \$1.379 million or 3.6% over the 10 year period. For years 2014 and 2015 \$0.125 million is allocated each year to fund a project management position that will co-ordinate program infrastructure upgrades.
- Other Revenue of \$0.537 million is required in years 2014 through 2017, with \$0.077 million from Section 37 agreement to be provided in 2014 to complete the upgrades at the Squirrel's Nest Child Care Centre; \$0.070 million from the Green Energy Fund to be provided in 2014 to complete the installation of the security system at the Regent Park Children's Hub. Years 2015 through 2017 include Section 37 agreement funding of \$0.490 million will be provided through years 2015 to 2017 to partially fund the construction of the Avondale Public School.

Major Capital Initiatives by Category

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

	2014 Budget	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2014 - 2023 Total
Total Expenditures by Category											
State of Good Repair											
MCCS State of Good Repair Project Name 2	1,584	1,430	1,542	1,469	1,473	1,285	1,226	1,367	1,367	1,367	14,110
Sub-Total	1,584	1,430	1,542	1,469	1,473	1,285	1,226	1,367	1,367	1,367	14,110
Service Improvements											
CSIS III	450										450
Service Efficiency Implementation	625	1,050	1,000	500							3,175
St. John the Evangelist Catholic School	550	1,060	1,262	616	412						3,900
Avondale Public School		500	1,670	1,730							3,900
New Child Care Centre 6				500	1,670	1,730					3,900
New Child Care Centre 7						500	1,670	1,730			3,900
New Child Care Centre 8							500	1,670	1,730		3,900
New Child Care Centre 9										1,291	1,291
Squirrel's Nest Day Care Centre	77										77
Regent Park Children's Hub	70										70
Sub-Total	1,772	2,610	3,932	3,346	2,082	2,230	2,170	3,400	1,730	1,291	24,563
Total Expenditures by Category	3,356	4,040	5,474	4,815	3,555	3,515	3,396	4,767	3,097	2,658	38,673

Major Capital Initiatives

As noted in the table above, \$14.110 million, or 37% of the 10-Year Recommended Capital Plan is allocated to SOGR projects, and \$24.563 million or 63% is allocated to Service Improvement projects.

The 10-Year Recommended Capital Plan supports Children's Services objectives to ensure all City-owned/City-operated child care facilities are maintained in a state of good repair; contributes to funding building retrofits required for the transition of directly operated child care centres impacted by the Full Day Kindergarten enhancing information technology to increase public access to child care information and provide efficiencies by implementing operational information system modifications; and providing improved access and equity by enabling incremental growth of childcare spaces in high need, underserved areas.

State of Good Repair:

- The Toronto Early Learning Child Care Service System (TELCC) SOGR project has recommended funding of \$14.110 million that will eliminate the backlog of \$5.893 million in the 26 City operated child care centres; as well as \$3.344 million to implement accessibility upgrades required by Provincial legislation; \$3.261 million to fund on-going needs; and \$1.612 million for building retrofits, required for the transition of child care centres impacted by Full Day Kindergarten.

Service Improvement Projects:

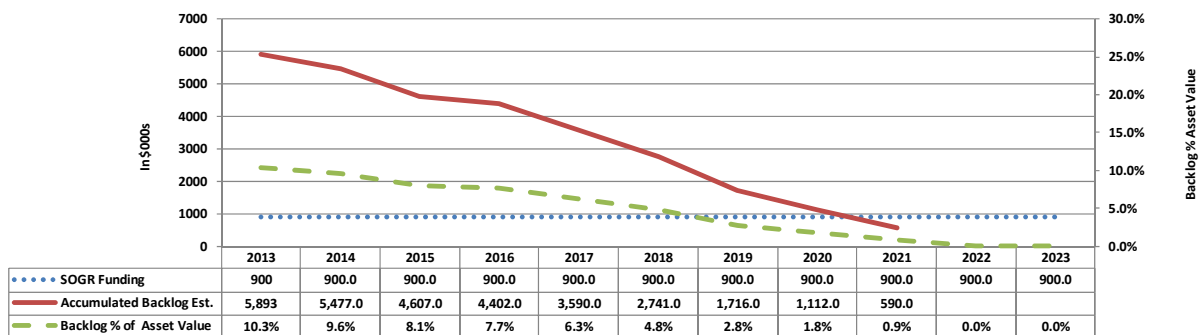
- The previously approved CSIS III project has a total project cost of \$4.343 million that began in 2011. This project will be completed in 2014, with cash flow requirements of \$0.450 million. This project provides a system upgrade that builds onto the existing business

application (CSIS II) to meet corporate enterprise architecture standards and addresses outdated software applications.

- Beginning in 2014 through to 2023, \$20.791 million is allocated for the construction of 6 new child care centres to provide 536 new spaces in underserved, high-needs neighbourhoods in accordance with the Program's Service Plan. Five of the six new centres are planned for completion by 2022, with the last centre to begin in 2023. With two of the centres identified, the location of the remaining four centres has not been finalized. However, the Program has identified high needs, underserved neighbourhoods. The Program is engaging school boards and non-profit providers within these neighbourhoods to identify sites for development.

State of Good Repair (SOGR) Backlog

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



- Children's Services provides child care services across the City in 52 municipal child care centres, 25 of which are in City owned facilities. The centers in the City owned facilities have an asset replacement value of \$56.955 million. A recent audit conducted by Facilities Management indicated that, at the end of 2013, there will be a SOGR backlog of \$5.893 million (10.3% of the asset value) in the 25 sites.
- The 10-Year Recommended Capital Plan for Children's Services provides funding of \$14.110 million to maintain the centres in a SOGR, with \$7.498 million allocated in the first 5 years and \$6.612 million dedicated in the last 5 years, representing average annual funding of \$1.411 million.
- Recommended funding for the SOGR capital maintenance program to address the SOGR backlog reduction is supplemented by \$0.508 million per year from the Program's Operating Base Budget until 2022, at which time the backlog will be eliminated. Once the backlog is eliminated, the funding will focus on the annual, on-going SOGR capital needs.
 - In addition to eliminating Program's SOGR the backlog, the TELCCS SOGR project also allocates \$3.344 million to implement accessibility upgrades required by Provincial legislation. These upgrades are required to bring the City-owned facilities into

compliance with Provincial legislation outlined in the Accessibility of Ontarians with Disabilities Act (AODA). Ontario Regulation 427/07 requires public sector organizations to make the necessary upgrades to their facilities to improve facility access, which will require upgrading infrastructure to remove mobility barriers and increase facility access by adding elevators, ramps, and accessible washrooms.

- As a result of children leaving the system due to the rollout of Full Day Kindergarten, \$1.612 million has been allocated to accommodate new programming requirements in the TELCCS City operated centres. Over the next 2 years, this funding will support a number of centre service delivery reconfigurations arising from the need to increase infant and toddler spaces from 884 to 1,028; concurrently, preschool/kindergarten spaces are projected to decrease from 1,465 to 880.
- SOGR priorities are determined by the facility needs assessment, provided by Facilities Management that has identified major maintenance and capital upgrade requirements. Accessibility upgrades required by Provincial legislation are co-ordinated with the timing of the major SOGR upgrades. Centre retrofits resulting from the implementation of Full Day Kindergarten will be co-ordinated with the school boards as part of the Full Day Kindergarten delivery.

10-Year Capital Plan: Impact on the Operating Budget

Operating Impact Summary
(In \$000s)

Program Costs, Revenues and Net (\$000s)	2014 Rec'd Budget	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2014 - 2023 Total
2014 Recommended Capital Budget											
Program Gross Expenditure											
Program Revenue											
Program Costs (Net)											
Approved Positions											
2015 - 2023 Capital Plan											
Program Gross Expenditure				51.0	52.0						103.0
Program Revenue				51.0	52.0						103.0
Program Costs (Net)											
Approved Positions				1.0							1.0
Total											
Program Gross Expenditure				51.0	52.0						103.0
Program Revenue				51.0	52.0						103.0
Program Costs (Net)											-
Approved Positions				1.0							1.0

The 10-Year Recommended Capital Plan will increase future year Operating Budgets by a total of \$0.103 million gross \$0 net over the 2014 – 2023 period. Approved positions will increase by one position over the 10-year time frame.

This position is required to sustain the Service Efficiency Study CSIS Implementation Project, with a project cost of \$3.175 million. The position will be funded through the Program's Operating Budget, with no net impact to the City's tax base.

Capital Project Delivery: Temporary Positions

Position Title	CAPTOR Project Number	# of Positions	Project Delivery		Salary and Benefits \$ Amount(\$000s)						
			Start Date	End Date (m/d/yr)	2014	2015	2016	2017	2018	2019 - 2023	
Business Analyst	CHS907362	2.0	5/1/2011	4/30/2014	134.2						
Project Manager	CHS907362	1.0	5/1/2011	4/30/2014	84.1						
Consultant	CHS907362	1.0	5/1/2011	4/30/2014	84.1						
Senior Information Analyst	CHS907362	2.0	5/1/2011	4/30/2014	77.9						
Project Manager (SOGR)	CHS907230	1.0	5/1/2011	12/31/2015	125.0	125.0					
Senior Systems Integrator	CHS907942	1.0	1/1/2014	6/30/2017	133.4	133.4	133.4	66.7			
Business Analyst	CHS907942	1.0	1/1/2014	6/30/2017	106.0	106.0	53.0	26.5			
Business Analyst	CHS907942	1.0	1/1/2014	6/30/2017		106.0	106.0	26.5			
Business Analyst	CHS907942	1.0	1/1/2014	6/30/2017		106.0	106.0	53.0			
Consultant CS	CHS907942	1.0	1/1/2014	6/30/2017	133.4	133.4	133.4	66.7			
Systems Integrator 1	CHS907942	1.0	1/1/2014	6/30/2017	51.5	103.0	103.0	51.5			
Total		13.0			929.6	812.8	634.8	290.9			

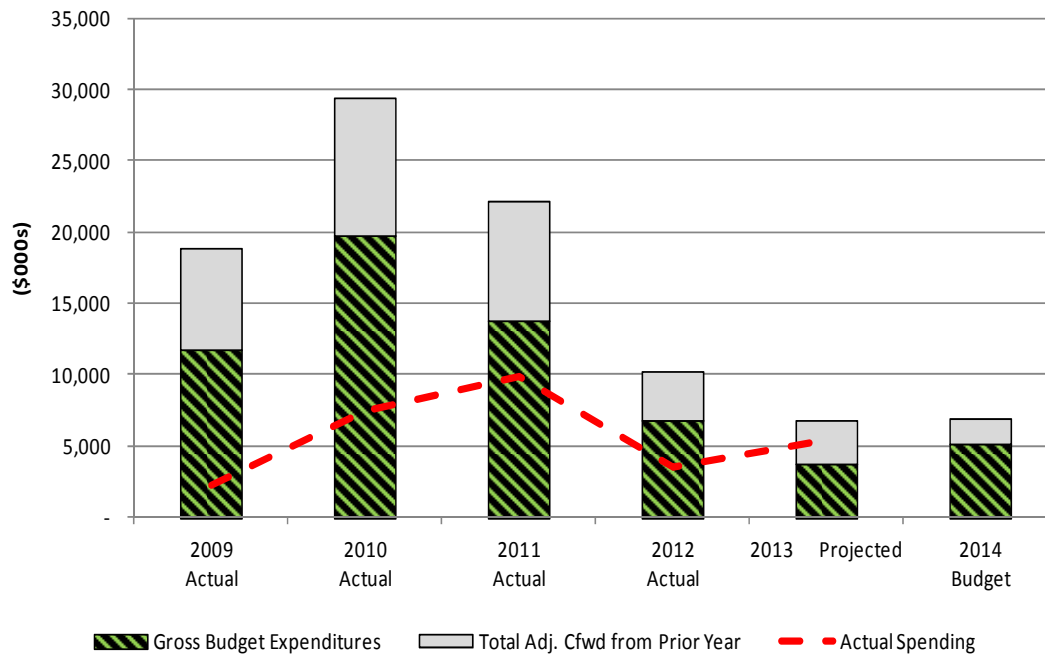
Approval of the 2014 – 2023 Recommended Capital Budget and Plan will require six new temporary capital positions, and the continuation of the seven existing temporary positions to deliver the following capital projects:

- Six new temporary positions required to implement the Service Efficiency Implementation project with a total project cost of \$3.175 million. These positions are required until the end of 2017, the date the project is scheduled for completion.
- Six previously approved temporary positions are required to deliver the CSIS III Upgrade, which was included in the 2011 Approved Capital Budget with a total project cost of \$4.343 million. All positions have been filled. These positions are required until the end of 2014, when the project is scheduled for completion.
- The 2014 Recommended Capital Plan includes the extension of the Project Manager position through 2015.

The funding for these positions are fully recovered from the Program's annual Capital Budget.

Capacity to Spend

Capacity to Spend – Budget vs. Actual
(In \$000s)



As noted in the graph, and in the following table, Children's Services' spending from 2009 through 2013 has ranged from a low of 18.9% to a high of 71.6% of budget in Approved Capital Budget.

Year	2009	2010	2011	2012	2013	2014	2009 - 2013 Average
Actual	2,212	7,444	9,838	3,455	3,663		5,322
* Budget	4,532	10,188	5,431	3,158	2,398	3,356	
Prior Year C/fwd	7,162	9,550	8,311	3,529	3,070	1,658	6,656
Total Budget	11,694	19,738	13,742	6,687	5,468	5,014	11,978
% spent	18.9%	37.7%	71.6%	51.7%	67.0%		44.4%
Carry/fwd % of Total Budget	61.2%	48.4%	60.5%	52.8%	56.1%		55.1%

* Excludes the \$4.000 million Provincial budgeted component included in the Health & Safety Program, as the Province did not fund its commitment, and the Provincial commitment was subsequently deleted.

As the Capital Budget has been comprised of funding for a number of different assets classes, the following analysis reviews the spending patterns of the different components of the Program's budget.

- **New Child Care Centres:** During 2009 through 2013, the Program completed six child care centres, with all except for one partnered with a district school board. While each of these projects were budgeted over a three year period, these projects normally take up to six years to complete, as the timing of the construction is fully dependant on the timing of the School Board. Traditionally these projects must go through a planning phase, which includes identifying a third party to operate the centre; a lengthy design phase that requires agreement among all parties, and finally tendering the contract prior to entering the construction phase.
- **Capital Maintenance:** Since 2009, the composition of Children's Services Capital Plan has changed with the Health and Safety grant of \$5.000 million (\$4.000 million Province funding \$1.000 million City funded) moved to the Operating Budget in 2012 to comply with accounting guidelines, which requires that grants to purchase service providers be included in the Operating Budget.

For years 2009 and 2010, \$0.300 million was included for SOGR upgrades in the City's 26 Municipal Child Care Centres. Following a decision to increase the Program's debt target to better match the Program's needs, for 2011 through 2013, SOGR capital upgrades increased to an average of \$0.790 million. Aside from 2009, when the City was going through labour dispute, this component of the Program's budget has been fully spent.

- **Technology Projects:** In 2011, Council approved the CSIS 3 with a technology project cost of \$4.343 million and duration of four years to be completed in 2014, with 2014 being the final year. At the end of 2013, with project spending of \$1.400 million compared to budgeted cash flow of \$3.058 million, the project is 48.5% spent, and requires carry forward funding of \$1.658 million into 2014. While spending has been delayed due to difficulties in hiring staff, the project team is now in place and the development is proceeding, with deliverables being developed and tested. This project remains on target and is scheduled for completion in 2014.

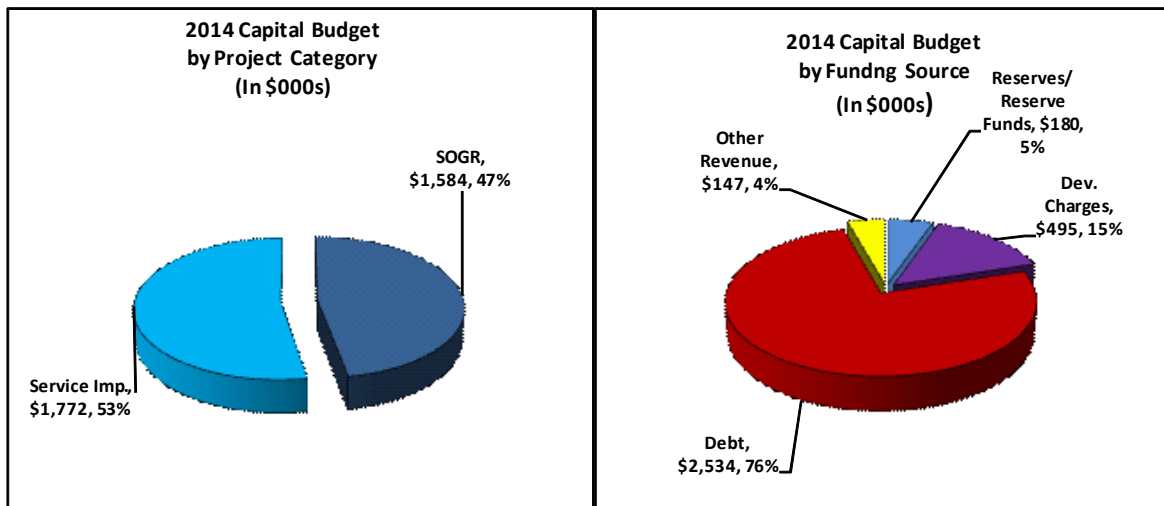
The 2014 Recommended Capital Budget includes the following three new projects:

- The St John the Evangelist Catholic School at a total cost of \$3.900 million, with 2014 - \$0.550 million: Cash flow funding is phased over a five year term, with consideration for the planning, designing and construction phases.
- The Service Efficiency Implementation project at a total cost of \$3.175 million, a new technology project that builds on the CSIS 3 system is phased over a four year period. Funding of \$0.625 million in 2014 is recommended for a feasibility study to assess the viability of developing software applications that provide savings through administrative efficiencies; and \$2.550 million included as a future funding request subject to the study result. With the CSIS 3 project proceeding on schedule and projected to be completed in 2014, the Program has sufficient capacity that will allow the new project to proceed with the cash flow and commitments as budgeted.

- TELCCS State of Good Repair, \$1.584 million in 2014: The project has increased in funding from \$0.726 million in 2013 to \$1.584 million in 2014, an increase of 118%. The 2014 budgeted cash flow funding is consistent with future year funding that was included in the 2013 – 2022 Approved Capital Plan. Children's Services has a history of fully spending its SOGR capital maintenance budget. However, given the number of centres under construction and the number of projects that require co-ordination, Children's Services will be monitoring Programs spending in years 2014 – 2023 to ensure spending levels are maintained for the TELCCS SOGR program.

IV: 2014 RECOMMENDED CAPITAL BUDGET

2014 Capital Budget by Project Category and Funding Source



Note: Excludes carry forward funding

The 2014 Recommended Capital Budget, excluding funding carried forward from 2013 to 2014, requires new 2014 cash flow funding of \$3.356 million.

- State of Good Repair projects total \$1.584 million and is provided for by the TELCCS SOGR project which requires 47% of the funding allocated in the 2014 Recommended Capital Budget.
- Service Improvement for projects account for \$1.772 million or 53% of the 2014 Capital Budget, and provides funding for the following five projects: the Service Efficiency project (\$0.625 million); St John Evangelist Catholic School (\$0.550 million); the CSIS III system upgrade project (\$0.450 million); Squirrel's Nest Day Care Centre (\$0.077 million); and Regent Park Child Care Hub (\$0.070 million)
- The 2014 Capital Budget's projects are financed primarily by debt / CFC.
 - In order to enable Children's Services to undertake the feasibility study, the program has included debt / CFC financing of \$2.534 million or 76% of the total financing, which exceeds the debt affordability target of \$2.085 million by \$0.449 million.
 - The Child Care Development Reserve Fund provides \$0.495 million or 15%; Child Care Capital Reserve Fund provides \$0.180 million or 5% of total recommended funding; Other Revenue represents 4%, comprised of Section 37 Agreement funding of \$0.077 million; and the TCHC Green Energy Program of \$0.070 million.

**2014 Recommended Cash Flow & Future Year Commitments
(In \$000s)**

	2012 & Prior Year Carry Forward	2013 Previously Approved Cash Flow Commitments	2014 New Cash Flow Rec'd	2014 Total Cash Flow Rec'd	2013 Carry Forwards	Total 2014 Cash Flow (Incl 2013 C/Fwd)	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total Cost
Expenditures																
Previously Approved	147	450		597	1,658	2,255										2,255
Change in Scope																-
New			2,209	2,209		2,209										2,209
New w/Future Year			550	550		550	1,060	1,262	616	412						3,900
Total Expenditure	147	450	2,759	3,356	1,658	5,014	1,060	1,262	616	412						8,364
Financing																
Debt		450	2,084	2,534	1,658	4,192										4,192
Other	147			147		147										147
Reserves/Res Funds			180	180		180	106	126	62	41						515
Development Charges			495	495		495	954	1,136	554	371						3,510
Provincial/Federal																-
Total Financing (including carry forward funding)	147	450	2,759	3,356	1,658	5,014	1,060	1,262	616	412						8,364

The 2014 Recommended Capital Budget for Children's Services is \$5.014 million, including 2012 carry forward funding of \$0.147 that requires Council re-approval, 2013 carry forward funding of \$1.658 million, and provides \$0.450 million for previously approved projects already underway.

Approval of the 2014 Recommended Capital Budget will result in future year commitments of \$1.060 million in 2015, \$1.262 million in 2016, \$0.616 million in 2017, \$0.412 million in 2018, primarily for the construction of the St John the Evangelist Catholic School.

2014 Recommended Capital Project Highlights

**2014 Recommended Capital Project Highlights
(In \$000s)**

Project	Total Project Cost	2014	2015	2016	2017	2018	2014 - 2018	2019	2020	2021	2022	2023	2014 - 2023 Total
MCCS SOGR 2014	1,584	1,584					1,584						1,584
St. John the Evangelist Catholic School	3,900	550	1,060	1,262	616	412	3,900						3,900
Service Efficiency Implemetation	625	625					625						625
CSIS III	4,343	2,108					2,108						2,108
Squirrel's Nest Day Care Centre	375	77					77						77
Regent Park Children's Hub	5,397	70					70						70
Total (including carry forward funding)	16,224	5,014	1,060	1,262	616	412	8,364						8,364

The 2014 Recommended Capital Budget provides funding of \$5.014 million to:

- Continue to deliver the capital upgrades in the municipally owned child care centres located in City-owned facilities (\$1.584 million), which are part of the ongoing Toronto Early Learning Child Care Centres (TELCCC) SOGR project of \$14.110 million;
- Complete the delivery of the CSIS III system upgrade (\$2.108 million);
- Complete upgrades to the Squirrel's Nest Day Care Centre (\$0.077 million);
- Complete the security upgrades at the Regent Park Children's Hub (\$0.070 million):

- Begin the design for the St. John Evangelist Catholic School child Care (\$0.550 million) which is a joint project with the Toronto Catholic School Board; and
- Begin the feasibility study for the Service Efficiency Study CSIS Implementation project of \$0.625 million, which will assess the feasibility of developing IT applications that will provide savings through enabling administrative efficiencies using Children's Services existing IT system.

V: ISSUES FOR DISCUSSION

Key Program Issues

Use of Development Charge Funding to Deliver New Child Care Centres

The 2014-2023 Recommended Capital Plan includes \$20.791 million dedicated for the construction of six new child care centres that will create 536 new spaces. Two of the sites are identified, and the location of the remaining four has not been finalized.

The first identified centre is located in Ward 11 at the St John the Evangelist Catholic School. This project is a joint project with the Toronto Catholic School Board, and is scheduled to begin design in 2014, with construction commencing in 2015. This centre is scheduled for completion in 2018. The second identified centre is located in Ward 23 at the Avondale Public School. This centre is a joint project with the Toronto District School Board, and is scheduled to begin construction in 2015, and is scheduled for completion in 2017.

In accordance with its Service Plan, Children's Services is committed to prioritizing the delivery of the new centres for locations in high needs, underserved neighbourhoods. Program priorities are based on the Program's Service Plan, which includes age and geographic equity to ensure equitable access to the limited supply of fee subsidies. Using these principles as the basis for locating the new centres, the construction of new child care centres increases the Program's capacity to provide greater equity across the City.

The delivery of these new centres is made possible by maximizing the use of Development Charges, with the construction of these centres using 90% Development Charge funding for a total of \$18.712 million, as additional financing is available through the implementation of the new Development Charges By law. Other funding sources for the new centres include \$1.129 million from the Child Care Capital Reserve Fund; \$0.560 million from debt; and \$0.390 million from Section 37 Reserves.

The expanded child care delivery plan increases the funding allocation for the new eligible child care centres, from the 2013 Capital Plan providing 68%, or \$10.608 million of the project cost for four new centres; the new By law allocates \$18.712 million, for the eligible centres, an increase of \$8.104 million from 2013. The increase in funding also allows the Program to add one new centre for \$3.900 million, and to include the first year of a sixth centre in year 2023. By increasing the funding allocation for the new eligible projects from 68%, in 2013 (\$2.652 million per centre) to 90% in 2014 (\$3.510 million per centre), additional funding of \$0.858 million per centre has been provided.

Increasing the level of Development Charge financing for the new eligible projects has allowed the Program to reallocate the debt funding previously used to support the four centres included in the 2013 – 2022 Capital Plan, and to fund a new IT project, the Service Efficiency Study CSIS Implementation Project.

Issues Referred to the 2014 Capital Budget Process

Service Efficiency Implementation Project

The 2014 – 2023 Recommended Capital Budget and Plan includes the Service Efficiency Study CSIS Implementation technology project at a cost of \$3.150 million that is fully debt funded. The timing of the cash flow funding requirements for this project have caused the Program to exceed its debt target in years 2014 – 2017, although the Program is below the target in years 2018 – 2023. The Program has met the debt target for the 10 year period.

This project responds to the recommendations included in the 2013 Service Efficiency Study for the Children's Services Division, which recommended that the Program provide optimal service efficiency savings "...in the shortest period of time...". This proposal addresses this recommendation by implementing the following changes to the Children's Services Information System application:

- Enhance the CSIS applications to support online budget submissions for operators, which will reduce the administrative funding required by child care operators.
- Modify the CSIS applications to enable Toronto families receiving child care fee subsidy to perform their annual fee subsidy assessments online, resulting in efficiencies in processing time and staffing costs. These efficiencies will further reduce administrative costs.
- The savings from these administrative enhancements be reinvested to reduce the cost of the subsidies paid to service providers, with these saving used to support the continued delivery of the 24,264 subsidized child care spaces.

Funding of \$0.625 million is recommended to support a feasibility study to validate the potential administrative savings projections; with \$2.550 million included as a future year funding request to complete the project delivery. Four temporary positions are required in 2014 to complete the study, with an additional 2 temporary positions required in 2015 to complete the deliverables. One position will be required in 2017 for project sustainment.

If the feasibility study validates potential administrative charges and efficiencies that exceed the cost of the system development and the program sustainment, Children's Services will include the full cost of system development in its 2015 Capital Budget Submission.

Appendix 1

2013 Performance

2013 Key Accomplishments

In 2013, Children's Services accomplished the following:

- ✓ Completed the construction of the Regent Park Child Care Centre of \$0.263 million (100 new spaces), located in the Regent Park Children and Youth Hub, that forms part of the Regent Park Revitalization project;
- ✓ Continued to deliver capital upgrades in the City owned child care centres that are located in City-owned facilities, (\$0.785 million) as part of the ongoing SOGR program of \$13.344 million;
- ✓ Continued the CSIS III system upgrade, with the operator's applications operational by year-end (\$3.058 million);
- ✓ Continued the construction of the Child Care Centre located in the Nelson Mandela Public School Renovation (\$0.453 million) as part of the Regent Park Revitalization project; and,
- ✓ Continued delivering the washroom renovations as part of the upgrades to the Squirrel's Nest Day Care Centre (\$0.259 million).

2013 Capital Variance Review

2013 Budget to Actual Comparison (In \$000s)

2013 Approved	Actuals as of Sept. 30, 2013 (3rd Quarter Variance)		Projected Actuals at Year End		Unspent Balance	
	\$	% Spent	\$	% Spent	\$ Unspent	% Unspent
5,468	1,374	25.1%	3,663	67.0%	1,805	33.0%

Capital expenditure for the 9 months ending September 30, 2012 total \$1.374 million or 25.1% of the 2013 Approved Capital Budget of \$5.468 million. Year-end spending projections of \$3.663 million will result in the need for 2013 carry-forward funding of \$1.805 million.

The rate of spending for the third quarter is attributed to the following projects/sub-projects:

- The *Nelson Mandela Public School* project's capital expenditures totaled \$0.453 million against the 2013 approved cash flow of \$0.459 million representing 98.6% of the 2013 approved cash flow of \$0.459 million. The project is projected to be fully spent by year-end.
- The TELCCS project's capital expenditures totaled \$0.218 million representing 27.8% of the 2013 approved cash flow of \$0.785 million during the nine months ended September 30, 2013. Project spending is traditionally lower than planned in the first half of the year, as capital upgrades must be co-ordinated among the 26 municipal child care centres. Spending

is projected to accelerate in the final quarter, with the budgeted cash flow projected to be fully spent by year end.

- The *New Child Care Centre* project had no capital expenditures against the 2013 approved cash flow of \$0.783 million during the nine months ended September 30, 2013. Construction at *St .Andrew Centre* with an approved 2013 cash flow of \$0.516 million has been completed, with the final contractor's billings to be settled by year-end. While the playground at the *Thornccliffe Park Child Care Centre*, with an approved 2013 cash flow of \$0.267 million, has been completed, pending construction deficiencies have delayed the contractor's settlement, with the final settlement delayed until year-end.
- The *CSIS 3* project's capital expenditures totaled \$0.697 million representing 22.8% of the 2013 approved cash flow of \$3.058 million during the nine months ended September 30, 2013. Although the operator's applications are projected to be implemented by year-end, the systems analysis application has been delayed, resulting in year-end spending projections of \$1.400 million. The unspent funds of \$1.658 million will be carried forward into 2013.
- The *Squirrel's Nest Day Care Centre* project's capital expenditures totaled \$0.006 million representing 2.3% of the 2013 approved cash flow of \$0.259 million during the nine months ended September 30, 2013. Although construction for the washroom upgrades has been completed there have been delays associated with the installation of the elevator. With spending projected to be \$0.182 million by year-end, the unspent funds of \$0.077 million will be carried forward into 2014.
- The *Regent Park Children's Hub* project, with a 2013 approved cash flow of \$0.124 million, had no spending for the nine month-period ended September 30, 2013. The construction has been completed, with project spending projected to be \$0.054 million by year-end. A 2014 carry forward of \$0.070 million will be required to fund the completion of the security system.

Appendix 2

10-Year Recommended Capital Plan Project Summary (In \$000s)

Project	2014 Budget	Plan									2014 - 2023
		2015	2016	2017	2018	2019	2020	2021	2022	2023	
MCCS State of Good Repair	1,584	1,430	1,542	1,469	1,473	1,285	1,226	1,367	1,367	1,367	14,110
St John the Evangelist Catholic School	550	1,060	1,262	616	412						3,900
Avondale Public School		500	1,670	1,730							3,900
New Child Care Centre No 6				500	1,670	1,730					3,900
New Child Care Centre No 7						500	1,670	1,730			3,900
New Child Care Centre No 8							500	1,670	1,730		3,900
New Child Care Centre No 9										1,291	1,291
CSIS III	2,108										2,108
Service Efficiency Implementation	625	1,050	1,000	500							3,175
Squirrel's Nest Day Care Centre	77										77
Regent Park Children's Hub	70										70
Total (including carry forward funding)	5,014	4,040	5,474	4,815	3,555	3,515	3,396	4,767	3,097	2,658	40,331

Appendix 3

2014 Recommended Capital Budget; 2015 to 2023 Capital Plan

Appendix 4
2014 Recommended Cash Flow and
Future Year Commitments

Appendix 5

2014 Recommended Capital Project with Financing Details

Appendix 6

2014 Reserve / Reserve Fund Review (In \$000s)

Reserve/Reserve Fund Review - Program Specific

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Projected Balance as at Dec 31, 2013 *	Contributions / (Withdrawals)										2014 - 2023 Total Contributions / (Withdrawals)
			2014 Rec'd Budget	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan	
Child Care Capital Reserve Fund XR1103	Beginning Balance as of Jan. 1, 2013	5,617	5,617	5,411	5,152	4,996	4,853	4,612	4,353	4,149	3,977	3,937	
	Contributions / (Withdrawals)												
	Health and Safety **		(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(10,000)
	SOG		(125)	(125)									(250)
	Minor Capital Operating		(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(4,000)
	CHS907355 St John The Evangelist		(55)	(106)	(126)	(62)	(41)						(390)
	CHS907644 New Child Centre # 6					(50)	(167)	(173)					(390)
	CHS907645 New Child Centre # 7							(50)	(167)	(132)			(349)
	Interest		54	52	50	49	47	45	42	41	40	39	458
	Contribution from Operating		320	320	320	320	320	320	320	320	320	320	3,200
	Contribution from Non-Program ***		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	10,000
	Total Withdrawals		(1,580)	(1,631)	(1,526)	(1,512)	(1,608)	(1,623)	(1,567)	(1,532)	(1,400)	(1,400)	(15,379)
	Contributions / Interest		1,374	1,372	1,370	1,369	1,367	1,365	1,362	1,361	1,360	1,359	13,658
Total Reserve Fund Balance at Year-End		5,617	5,411	5,152	4,996	4,853	4,612	4,353	4,149	3,977	3,937	3,896	

* Based on the 3rd Quarter Variance Report

** Health and Safety Program in Children's Services Operating Budget

*** City's funding to the ongoing of Health and Safety Program

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Projected Balance as at Dec 31, 2013 *	Contributions / (Withdrawals)										2014 - 2023 Total Contributions / (Withdrawals)
			2014 Rec'd Budget	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan	
Development Charge Reserve Fund - Child care XR 2122	Beginning Balance as of Jan. 1, 2013	4,795	4,795	5,974	6,629	6,396	6,361	7,055	7,650	8,317	7,903	9,008	
	Contributions / (Withdrawals)												
	CHS907355 St John The Evangelist Catholic School		(495.0)	(954.0)	(1,136.0)	(554.0)	(371.0)						(3,510.0)
	Avondale Public School			(450.0)	(1,503.0)	(1,557.0)							(3,510.0)
	CHS907644 New Child Centre # 6					(450.0)	(1,503.0)	(1,557.0)					(3,510.0)
	CHS907645 New Child Centre # 7							(450.0)	(1,503.0)	(1,557.0)			(3,510.0)
	CHS907902 New Child Centre # 8								(450.0)	(1,503.0)	(1,557.0)		(3,510.0)
	CHS907902 New Child Centre # 9											(1,162.0)	(1,162.0)
	Interest		44.0	48.6	52.5	57.6	59.0	56.3	53.8	46.6	42.6	45.9	
	Contributions		1,136	1,216	1,604	1,511	1,555	1,633	1,671	1,711	1,757	1,792	
	Total Withdrawals		(495)	(1,404)	(2,639)	(2,561)	(1,874)	(2,007)	(1,953)	(3,060)	(1,557)	(1,162)	(18,712)
	Contributions / Interest		1,674	2,059	2,406	2,526	2,568	2,602	2,620	2,646	2,662	2,716	24,479
Total Reserve Fund Balance at Year-End		5,974	6,629	6,396	6,361	7,055	7,650	8,317	7,903	9,008	10,562		

* Based on the 3rd Quarter Reserve Funds Variance Report