

# Toronto 2017 BUDGET



## CAPITAL BUDGET NOTES



## Children's Services

### 2017 – 2026 CAPITAL BUDGET AND PLAN OVERVIEW

Children's Services provides high-quality licensed child care services across the City through 52 Early Learning and Child Care Centres (TELCC), with 25 in City owned facilities valued at \$53.081 million, and through 1 home child care agency.

The primary focus of the 10-year Preliminary Capital Plan is to continue to provide significant funding to add physical capacity in the child care system, modernize systems and technology and maintain City-owned facilities in a state of good repair.

The 2017-2026 Preliminary Capital Budget and Plan provides \$55.3 million in funding for Service Improvement projects, that will establish 20 new child care centres in underserved neighbourhoods, providing 998 new subsidized spaces; IT system upgrades that will result in operational efficiencies and improve customer service; as well as \$13.8 million in state of good repair funding required to maintain the City's 25 Early Learning and Child Care Centres (TELCCs) in a SOGR for the delivery of child care services.

### CONTENTS

#### Overview

- 1: Preliminary 10-Year Capital Plan [5](#)
- 2: Issues for Discussion [15](#)

#### Appendices:

- 1. 2016 Performance [19](#)
- 2. Preliminary 10-Year Capital Plan Summary [21](#)
- 3. 2017 Preliminary Capital Budget; 2018-2026 Preliminary Capital Plan [22](#)
- 4. 2017 Cash Flow & Future Year Commitments [23](#)
- 5. 2017 Capital Projects with Financing Detail [24](#)
- 6. 2017 Reserve / Reserve Fund Review [25](#)

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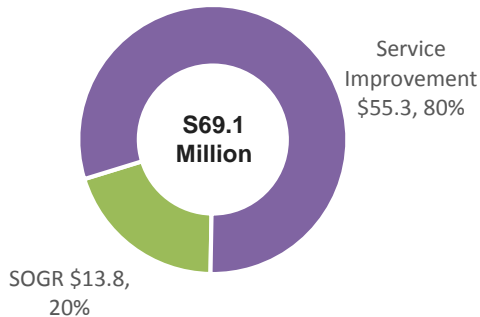
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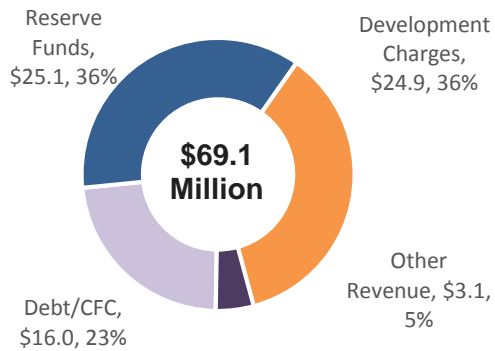
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**Capital Spending and Financing**

**2017-2026 Capital Budget and Plan By Project Category**

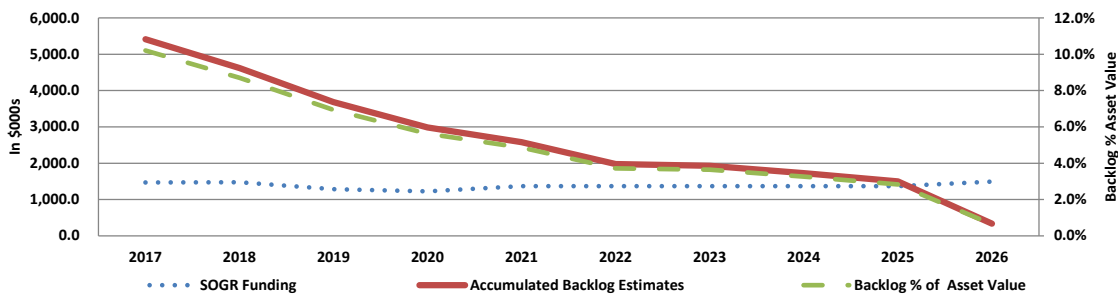


**By Funding Source**



**State of Good Repair Backlog**

The 10-Year Capital Plan includes cash flow funding of \$13.784 million for State of Good Repair project to address backlog. The SOGR backlog as a % of asset replacement value will decrease from 10.2% in 2017 to 0.6% by 2026 as a result of these planned investments.



**Where the money goes:**

The 2017–2026 Preliminary Capital Budget and Plan totalling \$69.131 million provides funding for:

- Service Improvement projects that include the construction of 20 new child care centres in underserved neighborhoods with 998 new spaces, and the continuation of the Customer Service Improvements project, a technology project that will deliver operating efficiencies and customer service improvements.
- State of Good Repair funding in the 25 directly operated Early Learning and Child Care Centres (TELCCCs) located in City owned facilities.

**Where the money comes from:**

The 10-Year Capital Plan is funded by 4 sources noted below.

- New debt funding of \$16.002 million comprises 23.1% of the Program's funding which meets the debt target guidelines over the 10-Year planning period;
- Child Care Capital Reserve Fund will provide \$25.090 million, or 36.3% of the required cash flow;
- Development Charge funding of \$24.916 million or 36.0% is based on the portion of projects that are eligible for growth related funding; and
- Other Revenues, (Section 37 reserves) provide funding of \$3.123 million and account for 4.5% of the funding requirements.

**Our Key Issues & Priority Actions**

**Address growth in high needs communities** as the existing child care system lacks the required infrastructure to meet the needs of underserved communities.

- ✓ The City is partnering with the Province to expand system capacity, with the Province providing one-time capital funding directly to the school boards to increase licensed child care spaces for children 0-4.
- ✓ The 10-year Plan provides funding of \$53.947 million to add 20 new Child Care Centres with 998 additional spaces, which will increase access to child care in communities that have the least access to service, particularly for younger age children.

**Registration system for child care subsidies needs modernization** requiring an expansion of service delivery channels in 2017 and 2018 by developing an online-account portal that will provide alternate access for over 40,000 families who may be applying for fee subsidies.

- ✓ \$1.400 million is included for the Customer Service Improvements technology project to facilitate on-line channels for families to access child care subsidies.

**Low Spending rate for the new child care centres** as these are often part of a larger project involving school boards and other third parties, with the Program having limited control over the delivery of these projects, which reduces the Program's spending rate.

- ✓ Children's Services will continue to monitor the spend rate and adjust the cash flow budgets, if required

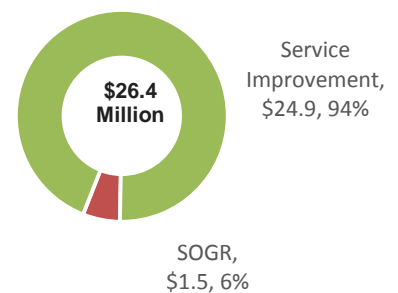


**2017 Capital Budget Highlights**

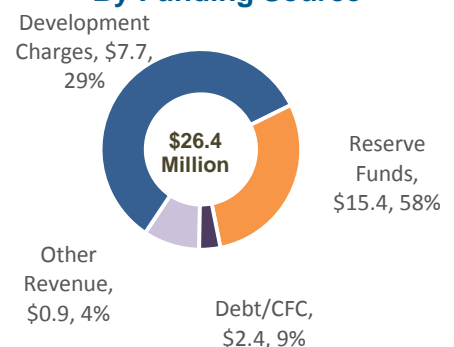
The 2017 Preliminary Capital Budget for Children's Services of \$26.386 million, excluding carry forward funding, will:

- Deliver capital upgrades in the municipally owned child care centres located in City-owned facilities (\$1.469 million)
- Begin the design phase of 1 new child care centre (\$0.500 million) that will provide 62 new spaces
- Continue the design and construction of 12 new child care centres across the City that will create 512 new spaces (\$16.295 million)
- Continue with the construction of 4 new child care centres that will create 238 new spaces (\$7.122 million)
- Continue the development of the Customer Service Improvements technology project (\$1.000 million)

**2017 Capital Budget By Project Category**



**By Funding Source**



## Actions for Consideration

Approval of the 2017 Preliminary Capital Budget as presented in these notes requires that:

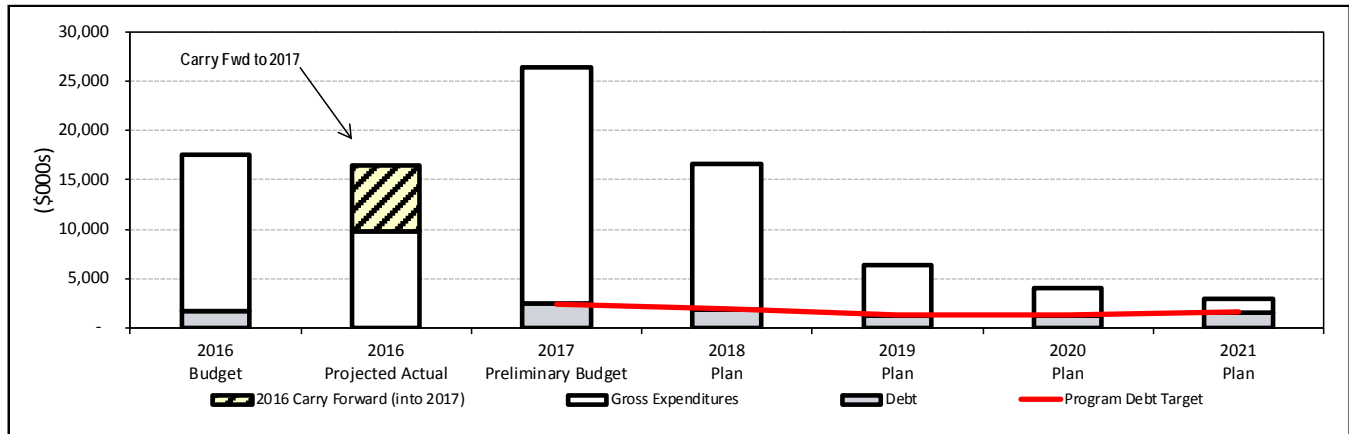
1. City Council approve the 2017 Preliminary Capital Budget for Children's Services with a total project cost of \$5.369 million, and 2017 cash flow of \$33.100 million and future year commitments of \$18.730 million comprised of the following:
  - a) New Cash Flow Funds for:
    - i. 2 new / change in scope sub-projects with a 2017 total project cost of \$5.369 million that requires cash flow of \$1.969 million in 2017 and future year cash flow commitments of \$1.500 million for 2018; \$1.220 million for 2019; and \$0.680 million for 2020;
    - ii. 17 previously approved sub-projects with a 2017 cash flow of \$23.317 million; and future year cash flow commitments of \$13.203 million for 2018; and \$2.127 million for 2019;
    - iii. 1 previously approved sub-projects with carry forward funding from 2015 and prior years requiring 2017 cash flow of \$1.100 million that requires Council to reaffirm its commitment; and
  - b) 2016 approved cash flow for 14 previously approved sub-projects with carry forward funding from 2016 into 2017 totalling \$6.714 million.
2. City Council approve the 2018 - 2026 Preliminary Capital Plan for Children's Services totalling \$24.015 million in project estimates, comprised of \$1.973 million for 2018; \$2.985 million for 2019; \$3.426 million for 2020; \$2.867 million for 2021; \$2.587 million for 2022; \$2.547 million for 2023; \$3.037 million for 2024; \$3.097 million for 2025 and \$1.496 million in 2026.
3. City Council consider the operating savings of \$0.258 million net in 2019 resulting from the approval of the 2017 Preliminary Capital Plan for Children's Services.
4. All sub-projects with third party financing be approved conditionally, subject to, completion of the necessary agreement between the division and the 3<sup>rd</sup> party to the satisfaction of the General Manager, in consultation with the City Solicitor.
5. City Council direct the General Manager of Children's Services report to Community Development and Recreation Committee on the availability of child care subsidies for the new child care centres, as additional subsidies become available.



# Part 1:

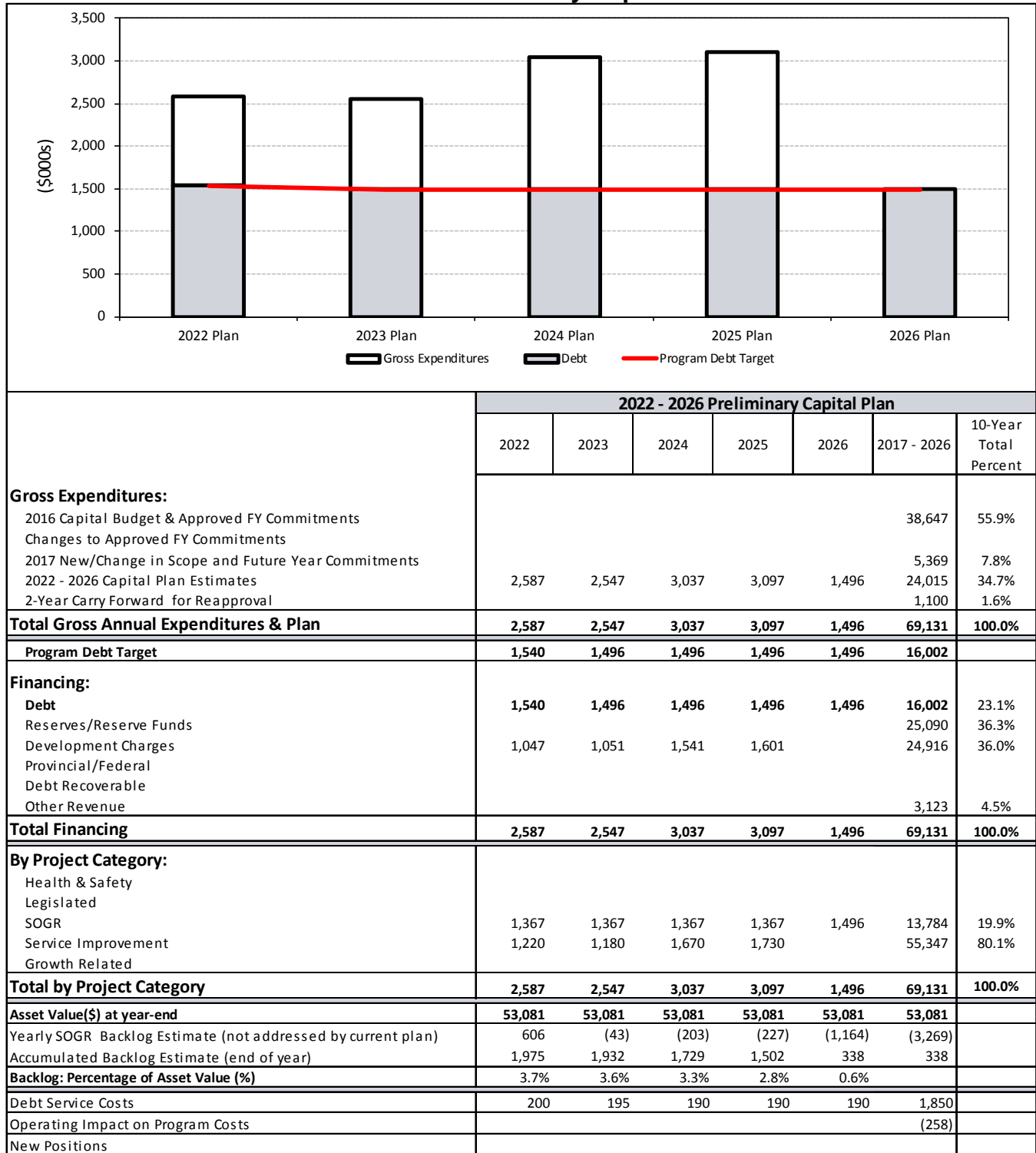
## Preliminary 10-Year Capital Plan

**Figure 1a  
10-Year Capital Plan  
2017 Preliminary Capital Budget and 2018 - 2021 Preliminary Capital Plan**



		2017 Prelim. Capital Budget and 2018 - 2021 Prelim. Capital Plan									
		2016		2017	2018	2019	2020	2021	2017 - 2021	5-Year Total Percent	
		Budget	Projected Actual								
<b>Gross Expenditures:</b>											
2016 Capital Budget & Approved FY Commitments		17,562	9,738	24,317	12,653	1,677			38,647	68.6%	
Changes to Approved FY Commitments				(1,000)	550	450					
2017 New/Change in Scope and Future Year Commitments				1,969	1,500	1,220	680		5,369	9.5%	
2018 - 2021 Capital Plan Estimates					1,973	2,985	3,426	2,867	11,251	20.0%	
2-Year Carry Forward for Reapproval			1,100	1,100					1,100	2.0%	
1-Year Carry Forward to 2017			6,714								
<b>Total Gross Annual Expenditures &amp; Plan</b>		<b>17,562</b>	<b>289,690</b>	<b>26,386</b>	<b>16,676</b>	<b>6,332</b>	<b>4,106</b>	<b>2,867</b>	<b>56,367</b>	<b>100.0%</b>	
<b>Program Debt Target</b>				<b>2,469</b>	<b>1,873</b>	<b>1,285</b>	<b>1,276</b>	<b>1,575</b>	<b>8,478</b>		
<b>Financing:</b>											
<b>Debt</b>		<b>1,642</b>		<b>2,469</b>	<b>1,873</b>	<b>1,285</b>	<b>1,276</b>	<b>1,575</b>	<b>8,478</b>	<b>15.0%</b>	
Reserves/Reserve Funds		10,270		15,360	6,776	1,587	1,367		25,090	44.5%	
Development Charges		5,650		7,664	5,797	3,460	1,463	1,292	19,676	34.9%	
Provincial/Federal											
Debt Recoverable											
Other Revenue				893	2,230				3,123	5.5%	
<b>Total Financing</b>		<b>17,562</b>		<b>26,386</b>	<b>16,676</b>	<b>6,332</b>	<b>4,106</b>	<b>2,867</b>	<b>56,367</b>	<b>100.0%</b>	
<b>By Project Category:</b>											
Health & Safety											
Legislated											
SOGR		1,697		1,469	1,473	1,285	1,226	1,367	6,820	12.1%	
Service Improvement		15,865		24,917	15,203	5,047	2,880	1,500	49,547	87.9%	
Growth Related											
<b>Total by Project Category</b>		<b>17,562</b>		<b>26,386</b>	<b>16,676</b>	<b>6,332</b>	<b>4,106</b>	<b>2,867</b>	<b>56,367</b>	<b>100.0%</b>	
<b>Asset Value (\$) at year-end</b>		<b>53,081</b>		<b>53,081</b>	<b>53,081</b>	<b>53,081</b>	<b>53,081</b>	<b>53,081</b>	<b>53,081</b>		
Yearly SOGR Backlog Estimate (not addressed by current plan)				596	(795)	(936)	(697)	(406)	(2,238)		
Accumulated Backlog Estimate (end of year)		4,819		5,415	4,620	3,684	2,987	2,581	2,581		
<b>Backlog: Percentage of Asset Value (%)</b>		<b>9.1%</b>		<b>10.2%</b>	<b>8.7%</b>	<b>6.9%</b>	<b>5.6%</b>	<b>4.9%</b>			
Debt Service Costs				37	290	226	163	168	884		
Operating Impact on Program Costs						(258)			(258)		
New Positions						1					

**Table 1b**  
**10-Year Capital Plan**  
**2022 - 2026 Preliminary Capital Plan**

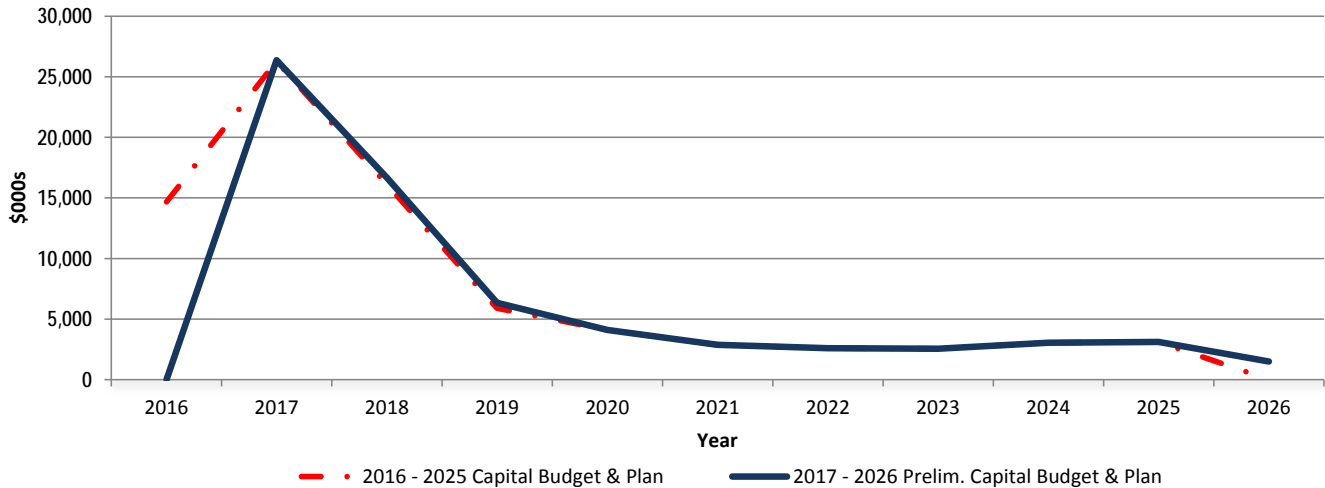


**Key Changes to the 2016 - 2025 Approved Capital Plan**

The 2017 Preliminary Capital Budget and the 2018 – 2026 Preliminary Capital Plan reflects a decrease of \$12.076 million in capital funding from the 2016 - 2025 Approved Capital Plan.

The table and chart below provide a breakdown of the \$12.076 million or 14.9% decrease in the Capital Program on an annual basis from 2016 to 2026.

**Chart 1  
Changes to the 2016 - 2025 Approved Capital Plan (In \$000s)**



(\$000s)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	10-Year Total
2016 - 2025	14,672	26,286	16,126	5,882	4,106	2,867	2,587	2,547	3,037	3,097		81,207
2017 - 2026		26,386	16,676	6,332	4,106	2,867	2,587	2,547	3,037	3,097	1,496	69,131
Change %		0.4%	3.4%	7.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		(14.9%)
Change \$		100	550	450	0	0	0	0	0	0		(12,076)

As made evident in the chart above, the \$12.076 million decrease in the Capital Program reflects the completion of the first year funding for 12 new child care centres of \$9.865 million and the 2<sup>nd</sup> year funding for the Avondale Public School project of \$2.035 million. Most of the service improvement projects are planned in the first 4 years of the plan, with the focus shifting to State of Good Repair project beyond 2020.

As reflected in Table 2 on the following page, changes to the 2016 – 2025 Approved Capital Plan, specifically the \$1.100 million increase in capital funding over the nine common years of the Capital Plans (2016 – 2025) arise from the realignment of cash flows for the revised project timelines for 2 Service Improvement projects.



**Table 2  
Summary of Project Changes (In \$000s)**

\$000s	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2017 - 2025 Total
2016 - 2025 Capital Budget & Plan	14,672	26,286	16,126	5,882	4,106	2,867	2,587	2,547	3,037	3,097		66,535
2017 - 2026 Prelim. Capital Budget & Plan		26,386	16,676	6,332	4,106	2,867	2,587	2,547	3,037	3,097		67,635
<b>Capital Budget &amp; Plan Changes (2017 - 2025)</b>		100	550	450								1,100

	Total Project Cost	2017	2018	2019	2020	2021	2022	2023	2024	2025	2017 - 2025	2026	Revised Total Project Cost
<i>Previously Approved</i>													
St John the Evangelist Catholic School	3,900	1,100									1,100		3,900
Avondale Public School	3,900	(1,000)	550	450									3,900
<b>Total Previously Approved</b>		100	550	450							1,100		
<b>Total Changes</b>		100	550	450							1,100		

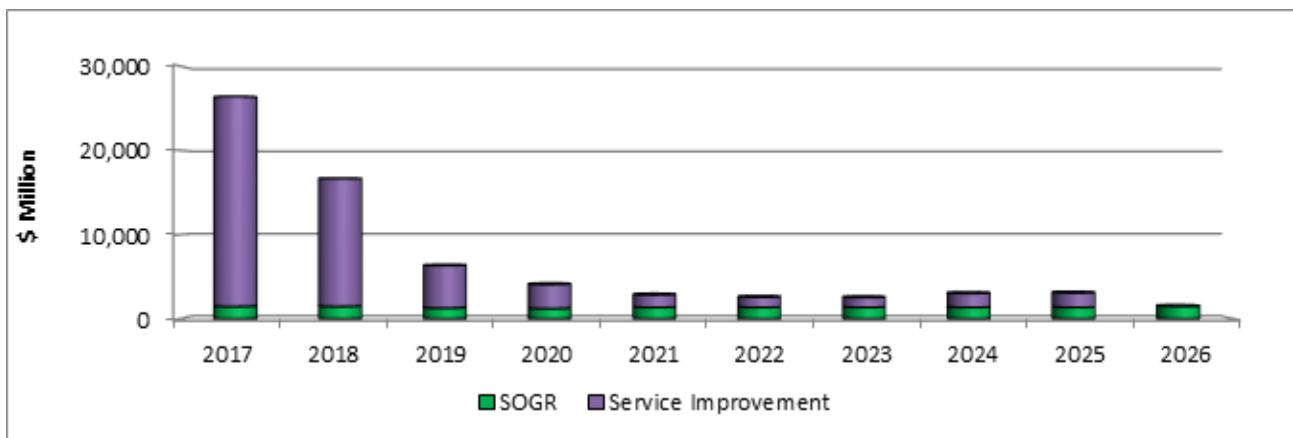
**Significant Capital Project Changes in Children's Services:**

Cash flow funding for the following previously approved capital projects have been adjusted based on historical spending rates, capacity and expected progress and completion of the projects, as outlined below:

- St John the Evangelist Catholic School project requires carry forward funding of \$1.100 million from 2015 to 2017, reflecting the need to relocate the development site which requires Council to reaffirm its commitment, as the debt funding is deemed to be new after 2 years.
- The cash flows for Avondale Public School project have been phased over 2-years to reflect delays in the project design and to reflect the revised construction schedule that has been confirmed with the Toronto District School Board.

**2017 – 2026 Preliminary Capital Plan**

**Chart 2  
2017 – 2026 Preliminary Capital Plan by Project Category (In \$000s)**



As illustrated in the chart above, the Preliminary 10-Year Capital Plan for Children's Services of \$69.131 million allocates 80.1% funding for Service Improvement projects as the priority and 19.9% for State of Good Repair (SOGR) projects.

- High level of cash flow funding of \$55.347 million has been dedicated to Service Improvement projects to fund the delivery of 20 new child care centres to add physical capacity in the system, as well as a technology project that will provide on-line access to support budget submissions for child care operators, and self-service functionality for families receiving subsidy.
- State of Good Repair projects account for \$13.784 million to maintain the existing inventory of City operated child care centres.

The following table details the capital projects by category included in the 2017-2026 Preliminary Capital Budget and Plan for Children's Services:

**Table 3**  
**2017 - 2026 Capital Plan by Project Category (In \$000s)**

	Total App'd Cash Flows to Date*	2017 Budget	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2017 - 2026 Total	Total Project Cost	Spaces
<b>Total Expenditures by Category</b>														
<b>State of Good Repair</b>														
TELCCS State of Good Repair		1,469	1,473	1,285	1,226	1,367	1,367	1,367	1,367	1,367	1,496	13,784		
<b>Sub-Total</b>	-	1,469	1,473	1,285	1,226	1,367	1,367	1,367	1,367	1,367	1,496	13,784	-	-
<b>Service Improvements</b>														
Stanley P.S	500	1,700	1,700									3,400	3,900	62
St Columba C.S.	1,050	350										350	1,400	49
St Maurice Catholic School	1,050	350										350	1,400	49
St. Barnabas Catholic School	350	1,750	500									2,250	2,600	49
St Roch Catholic School	300	1,400	200									1,600	1,900	25
St Bartholomew Catholic School	350	1,750	500									2,250	2,600	49
St Stephen Catholic School	1,050	350										350	1,400	49
North East Scarborough Recreation Centre			500	1,700	1,700							3,900	3,900	62
TCH Lawrence Ave Site	500	1,700	1,700									3,400	3,900	54
TCH Needle Firway	500	1,700	1,700									3,400	3,900	16
George Webster	715	1,685										1,685	2,400	25
St John the Evangelist Catholic School	510	1,850	969	571								3,390	3,900	36
Block 31 Child Care Centre	181	757	2,264	426								3,447	3,628	52
Avondale Public School	2,535	365	550	450								1,365	3,900	72
Advent Health Care Child Care Centre	500	1,710	500									2,210	2,710	49
Bridletown Community Centre (Child Care Centre 6)	500	1,500	1,220	680								3,400	3,900	62
Customer Service Improvements Project	1,775	1,000	400									1,400	3,175	
David and Mary Thompson		500	1,500	1,220	680							3,900	3,900	62
Mount Dennis Child Care Centre	3,500	4,500	1,000									5,500	9,000	52
New Child Care Centre No 8					500	1,500	1,220	680				3,900	3,900	62
New Child Care Centre No 9								500	1,670	1,730		3,900	3,900	62
<b>Sub-Total</b>	15,866	24,917	15,203	5,047	2,880	1,500						55,347	71,213	998
<b>Total Expenditures by Category (excluding carry forward)</b>	15,866	26,386	16,676	6,332	4,106	2,867	1,367	1,367	1,367	1,367	1,496	69,131	71,213	998

\*Life to Date approved cash flows are provided for multi-year capital projects with cash flow approvals prior to 2016, excluding ongoing capital projects (i.e. TELCCS SOGR)

**2017 – 2026 Capital Projects**

The 10-Year Capital Plan supports Children's Services objective of maintaining child care facilities in a state of good repair, while providing improved access and equity by enabling incremental growth of childcare spaces in underserved neighbourhoods. Children's Services is committed to enhancing public access to child care services through providing new technological applications.

*State of Good Repair*

- SOGR projects account for \$13.784 million or 19.9% of the total 10-Year Capital Plan's spending.
- State of Good Repair funding of \$13.784 maintains existing assets in a state of good repair and will reduce the backlog from 10.2% for 2017 to 0.6% at the end of the 10 year period, reflecting a reduction of \$4.481 million, or 9.6% in the backlog in 25 of the City operated child care centres:

*Service Improvements*

- Service Improvement projects account for \$55.347 million or 80.1% of the total 10-Year Capital Plan comprised of 20 new child care centres requiring funding of \$53.947 million; and the Customer Service Improvement IT project of \$1.400 million.

- 13 New Child Care Centres will be delivered in partnership with the district school boards (\$29.837 million; 631 spaces). Details of these projects are noted in the following table:

Toronto District School Boards	Ward	2017 Budget	2018 Plan	2019 Plan	2020 Plan	2017 - 2026 Total	Spaces
<b>Service Improvements</b>							
<i>Stanley P.S</i>	7	1,700	1,700			3,400	62
<i>St John the Evangelist Catholic Aschool</i>	11	1,850	969	571		3,390	36
<i>St Columba C.S.</i>	42	350				350	49
<i>St Maurice Catholic School</i>	2	350				350	49
<i>St. Barnabas Catholic School</i>	42	1,750	500			2,250	49
<i>St Roch Catholic School</i>	7	1,400	200			1,600	25
<i>St Bartholomew Catholic School</i>	41	1,750	500			2,250	49
<i>St Stephen Catholic School</i>	2	350				350	49
<i>George Webser</i>	31	1,685				1,685	25
<i>David and Mary Thompson</i>	37	500	1,500	1,220	680	3,900	62
<i>Mount Dennis Child Care Centre</i>	11	4,500	1,000			5,500	52
<i>Block 31 Child Care Centre</i>	20	757	2,264	426		3,447	52
<i>Avondale Public School</i>	23	365	550	450		1,365	72
<b>Total District School Boards</b>		<b>17,307</b>	<b>9,183</b>	<b>2,667</b>	<b>680</b>	<b>29,837</b>	<b>631</b>

- 5 New Child Care Centres will be delivered in partnership with other third parties (including TCHC, the YMCA and Advent Health Care) (\$16.310 million; 243 spaces) Details of these projects are noted in the following table:

Other 3 <sup>rd</sup> Parties	Ward	2017 Budget	2018 Plan	2019 Plan	2020 Plan	2017 - 2026 Total	Spaces
<i>North East Scarborough Recreation Centre</i>	42		500	1,700	1,700	3,900	62
<i>TCH Lawrence Ave Site</i>	43	1,700	1,700			3,400	54
<i>TCH Needle Firway</i>	7	1,700	1,700			3,400	16
<i>Advent Health Care Child Care Centre</i>	11	1,710	500			2,210	49
<i>Bridletown Community Centre (Child Care Centre 6)</i>	10	1,500	1,220	680		3,400	62
<b>Total Other 3<sup>rd</sup> Parties</b>		<b>6,610</b>	<b>5,620</b>	<b>2,380</b>	<b>1,700</b>	<b>16,310</b>	<b>243</b>

- Two of the centres remain as future-year projects (\$7.8 million; 124 spaces), with their locations yet to be finalized. The Program continues to engage school boards, non-profit providers, and municipal divisions and agencies within the underserved neighbourhoods to identify sites for development and possible partnership opportunities.
- The Customer Service Improvements project of \$1.400 million is a previously approved project that is scheduled for completion in 2018. This project will improve access to services through providing online service channels to parents and modernize online business transactions with child care operators, which will result in operating efficiencies and improved customer service.

### 2017 Preliminary Capital Budget and Future Year Commitments

Included as a sub-set of the 10-Year Capital Plan is the 2017 Preliminary Capital Budget and Future Year Commitments, that consists of 2017 and future year cash flow for projects previously approved by Council; adjustments (Scope Change) to those previously approved projects; as well as new projects that collectively require Council approval to begin, continue or complete capital work.

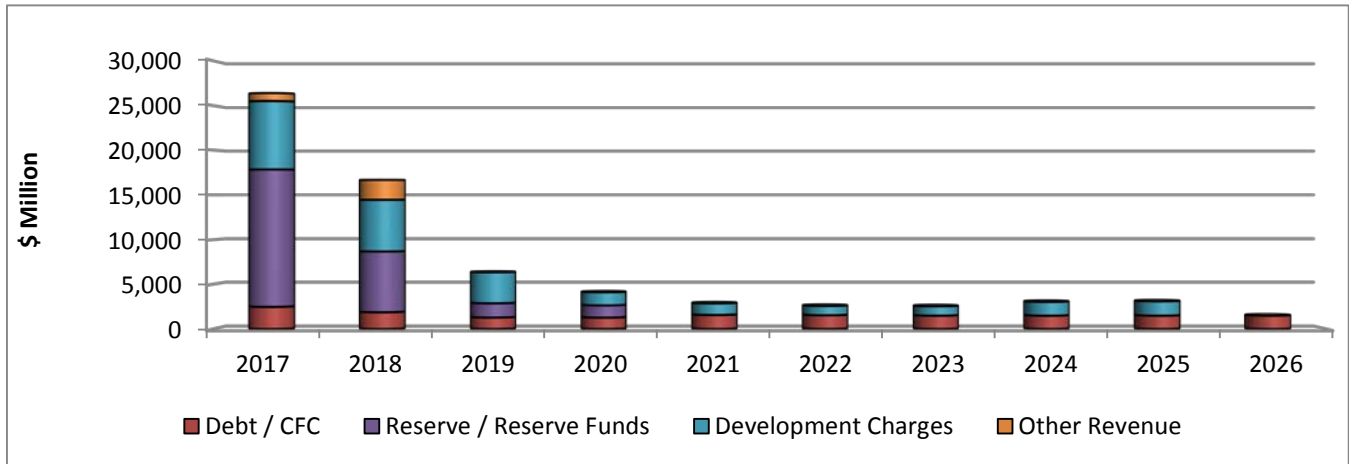
- Table 3a below lists the 2017 Preliminary Capital Budget and Future Year Commitments for Children's Services:

**Table 3a**  
**2017 Cash Flow & Future Year Commitments (In \$000s)**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total 2017 Cash Flow & FY Commits
<b>Expenditures:</b>											
Previously Approved											
<i>Stanley P.S</i>	1,700	1,700									3,400
<i>St Columba C.S.</i>	350										350
<i>St Maurice Catholic School</i>	350										350
<i>St. Barnabas Catholic School</i>	1,750	500									2,250
<i>St Roch Catholic School</i>	1,400	200									1,600
<i>St Bartholomew Catholic School</i>	1,750	500									2,250
<i>St Stephen Catholic School</i>	350										350
<i>TCH Lawrence Ave Site</i>	1,700	1,700									3,400
<i>TCH Needle Firway</i>	1,700	1,700									3,400
<i>George Webser</i>	1,685										1,685
<i>St John the Evangelist Catholic School</i>	1,850	969	571								3,390
<i>Block 31 Child Care Centre</i>	757	2,264	426								3,447
<i>Avondale Public School</i>	365	550	450								1,365
<i>Advent Health Care Child Care Centre</i>	1,710	500									2,210
<i>Bridletown Community Centre (Child Care Centre 6)</i>	1,500	1,220	680								3,400
<i>Customer Service Improvements</i>	1,000	400									1,400
<i>Mount Dennis Child Care Centre</i>	4,500	1,000									5,500
<b>Subtotal</b>	<b>24,417</b>	<b>13,203</b>	<b>2,127</b>								<b>39,747</b>
New w/Future Year											
<i>TELCCS State of Good Repair</i>	1,469										1,469
<i>David and Mary Thompson</i>	500	1,500	1,220	680							3,900
<b>Subtotal</b>	<b>1,969</b>	<b>1,500</b>	<b>1,220</b>	<b>680</b>							<b>5,369</b>
<b>Total Expenditure</b>	<b>26,386</b>	<b>14,703</b>	<b>3,347</b>	<b>680</b>							<b>45,116</b>
<b>Financing:</b>											
Debt/CFC	2,469	400		41							2,910
Other	893	2,230									3,123
Reserves/Res Funds	15,360	6,376	247	27							22,010
Development Charges	7,664	5,697	3,100	612							17,073
Provincial/Federal											
<b>Total Financing</b>	<b>26,386</b>	<b>14,703</b>	<b>3,347</b>	<b>680</b>							<b>45,116</b>

- Approval of the 2017 Preliminary Capital Budget of \$26.386 million will result in the future year funding commitments of \$14.703 million in 2018, \$3.347 million in 2019, and \$0.680 million in 2020.

**Chart 3**  
**2017 – 2026 Preliminary Capital Plan by Funding Source (In \$000s)**



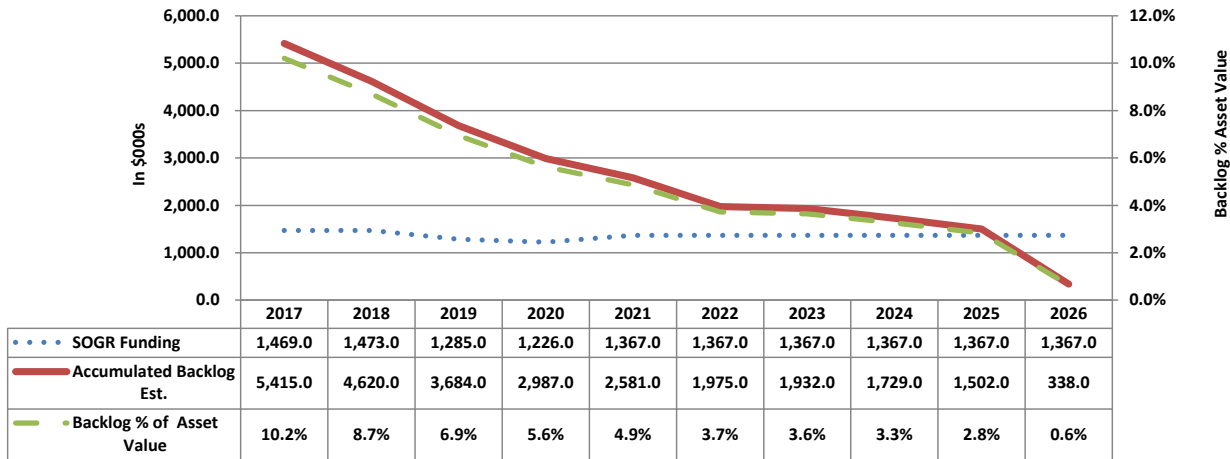
The Preliminary 10-Year Capital Plan of \$69.131 million cash flow funding will be financed by the following sources:

- Debt accounts for \$16.002 million or 23.1% of the financing over the 10-year period.
  - The debt funding of \$16.002 million meets the debt target over the 10 year planning period, with \$13.784 million allocated to the SOGR projects, \$1.400 million to the Customer Service Improvements project and \$0.818 million for the construction of new child care centres.
- Reserve and Reserve Funds constitute \$25.090 million or 36.3% of required funding over 10 years for the construction of the 20 new child care centres, with \$24.916 million from the Child Care Capital Reserve Fund (includes \$5.500 million from the province to complete the Mount Dennis Child Care Centre relocation, due to the Metrolinx construction initiative) and \$0.174 million from the Section 37 Planning Reserve Fund.
- Development Charges, which represent \$24.916 million or 36.0% of the 10-Year Capital Budget and Plan's funding source, support the construction of the 20 new child care centres.
- Other Revenue of \$3.123 million or 4.5% represents secured Section 37 funding which will be utilized for the delivery of the Block 31 Child Care Centre.

State of Good Repair (SOGR) Backlog

Chart 4

SOGR Funding & Backlog (In \$000s)



Children's Services delivers child care services across the City in 52 Toronto Early Learning and Child Care Centres, 25 of which are in City owned facilities. The centers in the City owned facilities have an asset replacement value of \$53.081 million. A recent audit conducted by Facilities Management indicated that, at the end of 2016, there will be a SOGR backlog of \$5.415 million (10.2% of the asset value) in the 25 City owned sites.

- The 10-Year Capital Plan meets the City's objective to reduce SGOR back by dedicating \$13.784 million to maintain the centres in a state of good repair, with annual expenditures averaging \$1.378 million.
- Funding for the SOGR capital maintenance program is supplemented by \$0.508 million per year from the Program's Operating Base Budget throughout the 10 year planning period, at which time the backlog will be reduced to \$0.338 million, or 0.6% of the asset value by 2026 and the backlog will be nearly eliminated.

10-Year Capital Plan: Net Operating Budget Impact

Table 5  
Net Operating Impact Summary (In \$000s)

Projects	2017 Budget		2018 Plan		2019 Plan		2020 Plan		2021 Plan		2017 - 2021		2017 - 2026	
	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions
Previously Approved														
Customer Services Improvements					(258.0)	1.0					(258.0)	1.0	(258.0)	1.0

The Preliminary 10-Year Capital Plan will reduce the future year Operating Budgets by a total of \$0.258 million net over the 2017 – 2026 period, as shown in the table above.

- These savings are comprised of the following:
  - Savings of \$0.360 million from efficiencies emanating from the reduction in staff time required to manage client information requests and saving in paper and printing costs.
  - These savings are offset by the need for 1 additional position for \$0.102 million, required to sustain the Customer Service Improvements project.

These future operating impacts will be reviewed each year as part of the annual Budget process.



# Part 2:

## Issues for Discussion

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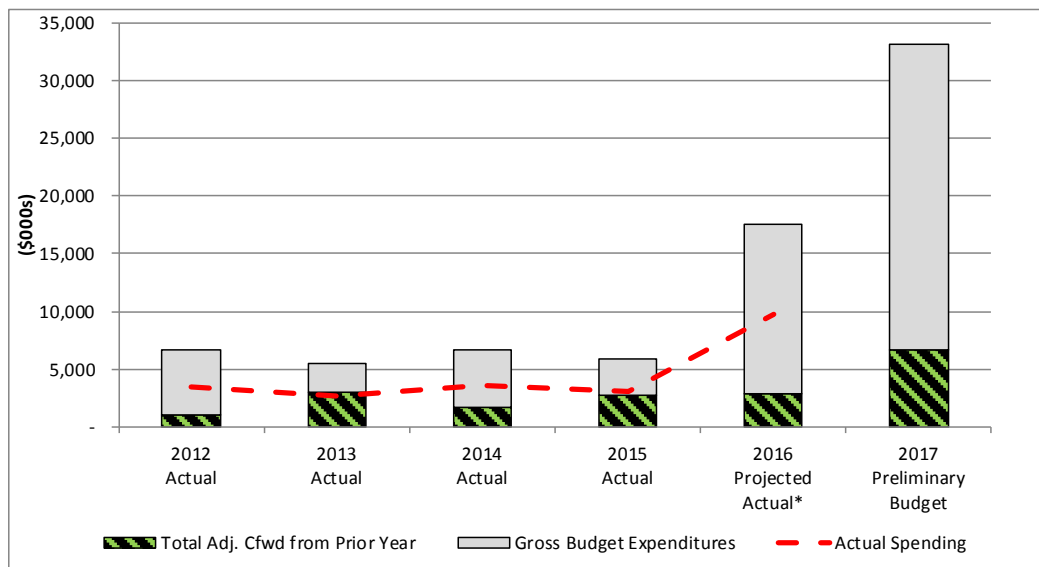
## Issues for Discussion

### Issues Impacting the 2017 Capital Budget

#### Review of Capital Projects and Spending

- City Council, at its meeting of July 12, 2016 considered the report *EX16.37 2017 Budget Process – Budget Directions and Schedule* and directed staff to:
  - Submit their 2017 - 2026 Capital Budget and Plans requiring that annual cash flow funding estimates be examined to more realistically match cash flow spending to project activities and timing, especially in the first 5 years of the Capital Plan's timeframe.
- The graph below shows the spending trend of the total capital program for Children's Services since 2012. The bars on the graph are split between new annual cash flows and funding carried forward from prior years.

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



Category	2012			2013			2014			2015			2016			Spending Rate 5 Year 2012-2016 Avg. %
	Budget	Actual	Spending Rate %	Budget	Actual	Spending Rate %	Budget	Actual	Spending Rate %	Budget	Actual	Spending Rate %	Budget	Projected Actual *	Spending Rate %	
SOGR	869	793	91.3%	726	653	89.9%	1,584	1,377	86.9%	1,637	1,570	95.9%	1,697	1,544	91.0%	91.2%
Service Improvement	5,818	2,662	45.8%	4,742	2,030	42.8%	5,066	2,179	43.0%	4,225	1,451	34.3%	15,865	8,194	51.6%	46.2%
<b>Total</b>	<b>6,687</b>	<b>3,455</b>	<b>51.7%</b>	<b>5,468</b>	<b>2,683</b>	<b>49.1%</b>	<b>6,650</b>	<b>3,556</b>	<b>53.5%</b>	<b>5,862</b>	<b>3,021</b>	<b>51.5%</b>	<b>17,562</b>	<b>9,738</b>	<b>55.4%</b>	<b>53.2%</b>

Note - 2016 Projection based on the 2016 Q3 Capital Variance Report

This chart illustrates that 2016 spending projections show a slight increase when compared to the 5-Year average spending rate with major improvements in spending on service improvement projects.

- In determining the Program's readiness to proceed and capacity to spend, the cash flows funding estimates for all Service Improvement projects - which include the 20 child care construction projects and one IT project - were reviewed to ensure the projects were ready to proceed and the cash flows reflect the projects' actual delivery schedules and timelines, took into consideration the Program debt targets and eligible Development Charge funding when establishing the annual cash flow budgets.
- Further efforts to align budgeted cash flows with the Program's capacity to spend have been made as part of the 2017 Budget process, with these actions taken:



- Given that new child care centre construction is often part of a larger capital project involving school boards and other third parties, with the Program having limited control over these projects, cash flows for these projects have been budgeted based on "agreed to" project schedules with the school boards and other third parties, such as Metrolinx and TCHC. These schedules will be closely monitored by the Program's asset management staff.
- Children's Services' 5-year average spending rate for SOGR is 91.5%, all projects that are directly within the Program's control.

### **System Growth**

- On September 12, 2016, the Province committed to creating 100,000 new child care spaces for infants to 4 year-olds within the next 5 years. Based on past investments, Toronto's proportion is expected to be 30% or 30,000 spaces. Provincial legislative changes also require school boards to provide after school-care programs to all children aged 4 to 12 on an as needed basis. For these reasons, the City's licensed child care system is expected to grow significantly across all age groups.
- No detail on the allocation of the additional spaces has yet been provided by the Province which makes it difficult for the Program to begin planning for further growth in licensed Child Care. The 10-Year Capital Budget and Plan does not include funding for this initiative.
- Concurrently, the Province has been working directly with school boards to deliver new spaces through the "Schools-First Child Care Capital Retrofit Policy", which is a 100% provincially funded program designed to address system growth.
- The Toronto District School Board was allocated \$14.404 million with space conversion targets of 2,432 new spaces and the Toronto District School Board received \$3.600 million to create 608 new spaces. Children's Services has been working with both the Province and the school boards to co-ordinate the location of these spaces based on need for service and existing infrastructure.

### **Customer Service Improvements project**

- The 2017 – 2026 Capital Budget and Plan includes a previously approved project, the *Customer Service Improvements* project at a cost of \$3.175 million with the 2017 cash flow budget of \$1.000 million and is scheduled for completion in 2018. This project modernizes service and business channels for families and child care operators.
- This project responds to the recommendations included in the 2013 Service Efficiency Study for Children's Services Division, which recommended that the Program provide optimal service efficiency savings "...in the shortest period of time...".
- The project scope focusses on business transformation and technology solutions to provide self-service channels to the Program's two primary clients: families applying for and receiving a fee subsidy, and over 660 service providers who have a contract with the City to provide subsidized child care spaces. Specifically the project will provide the following benefits:
  - Enhance the Children's Services Information System application to modernized business transactions for operators, which will reduce processing time, improve accountability and ensure reasonableness of child care provider's administrative and operating expenses; and
- Introduce new applications to provide online fee subsidy application and self-serve functionality to Toronto families requesting or in receipt of child care subsidies. At the same time, the Program is exploring the feasibility of accessing tax data to streamline the income test associated with the fee subsidy assessment.
- Once fully implemented in 2018, the Program is projecting annual efficiencies of \$0.360 million through the reduction staff time required to manage client information requests and saving in paper and printing costs.



# Appendices

# Appendix 1

## 2016 Performance

### 2016 Key Accomplishments

In 2016, Children's Services made significant progress and accomplished the following:

- ✓ Worked in partnership with Toronto's district school boards and TCHC to locate suitable sites in order to quickly begin the planning and design stage of the 11 new child care centres included in the "Child Care Capital Expansion Update" Report (\$6.365 million)
- ✓ Completed project planning design and re-zoning for Block 31, which will include two schools, a community centre and a child care centre (\$0.130 million)
- ✓ Began planning and design of the Mt Dennis Child Care Centre funded by Metrolinx (\$3.500 million)
- ✓ Continued the construction of a child care centre in Avondale Public School (\$2.256 million); the former Branson Hospital location (\$0.500 million); and design for Bridletown Community Centre (\$0.500 million)
- ✓ Began the planning and design of the St. John the Evangelist Catholic School Child Care Centre (\$1.610 million)
- ✓ Continued the development of the Customer Service Efficiency Implementation project (\$1.004 million) to enhance online services channels for families and child care operators.
- ✓ Continued to deliver capital upgrades in the municipally operated child care centres located in City-owned facilities (\$1.697 million)

### 2016 Financial Performance

#### 2016 Budget Variance Analysis (in \$000's)

2016 Budget	As of Sept. 30, 2016		Projected Actuals at Year-End		Unspent Balance	
\$	\$	% Spent	\$	% Spent	\$ Unspent	% Unspent
17,562	1,605	9.1%	9,738	55.4%	7,824	44.6%

\* Based on 2016 Third Quarter Capital Variance Report

For additional information regarding the 2016 Q3 capital variances and year-end projections for Children's Services, please refer to the attached link for the report entitled "*Capital Variance Report for the Nine-Month Period Ended September 30, 2016*" considered by City Council at its meeting on December 13, 2016.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.BU26.5>

### Impact of the 2016 Capital Variance on the 2017 Preliminary Capital Budget

- As a result of the capital projects delays, as described in the 2016 Q3 Capital Variance Report, funding of \$6.714 million is being carried forward to the 2017 Preliminary Capital Budget to continue these capital works. In addition, \$1.100 million in cash flow funding for the St John Evangelist Catholic School Board is being carried from 2015 and requires Council to reaffirm its commitment. This project has been delayed due to the discovery of a cemetery on the site plan. Year-end spending will reflect the planning and design costs of the new child care centres that were added in-year in 2016.

- A detailed review of the 2017 – 2026 Preliminary Capital Budget and Plan has been conducted and the necessary adjustments have been made to best reflect the timing of cash flow funding for unique and major capital projects including 8 of the 11 new child care centres being delivered through the district school boards for \$3.965 million, and the Avondale Public School for \$1.450 million.
  - The new centres that were added through an in-year budget adjustment in 2016 and identified as priority centres by the school boards and Children's Services based on existing available space and service demand are all in the design stage and it is anticipated that these centres will be fast tracked through the construction process to meet service priorities.

## Appendix 2

### 2017 Preliminary Capital Budget; 2018 to 2026 Preliminary Capital Plan (\$000s)

Project	Total Project Cost	Prior Year Carry Forward	2017	2018	2019	2020	2021	2017 - 2021	2022	2023	2024	2025	2026	2017 - 2026 Total
<b>State of Good Repair:</b>														
<i>TELCCS State of Good Repair</i>		153	1,469	1,473	1,285	1,226	1,367	6,973	1,367	1,367	1,367	1,367	1,496	13,937
<b>Sub-Total</b>		153	1,469	1,473	1,285	1,226	1,367	6,973	1,367	1,367	1,367	1,367	1,496	13,937
<b>Service Improvements:</b>														
<i>Stanley P.S</i>	3,900	300	1,700	1,700				3,700						3,700
<i>St Columba C.S.</i>	1,400	850	350					1,200						1,200
<i>St Maurice Catholic School</i>	1,400	850	350					1,200						1,200
<i>St. Barnabas Catholic School</i>	2,600	150	1,750	500				2,400						2,400
<i>St Roch Catholic School</i>	1,900	100	1,400	200				1,700						1,700
<i>St Bartholomew Catholic School</i>	2,600	150	1,750	500				2,400						2,400
<i>St Stephen Catholic School</i>	1,400	850	350					1,200						1,200
<i>North East Scarborough Recreation Centre</i>	3,900			500	1,700	1,700		3,900						3,900
<i>TCH Lawrence Ave Site</i>	3,900	300	1,700	1,700				3,700						3,700
<i>TCH Needle Firway</i>	3,900	300	1,700	1,700				3,700						3,700
<i>George Webster</i>	2,400	715	1,685					2,400						2,400
<i>St John the Evangelist Catholic Aschool</i>	3,900		1,850	969	571			3,390						3,390
<i>Block 31 Child Care Centre</i>	3,628		757	2,264	426			3,447						3,447
<i>Avondale Public School</i>	3,900	1,496	365	550	450			2,861						2,861
<i>Advent Health Care Child Care Centre</i>	2,710	250	1,710	500				2,460						2,460
<i>Bridletown Community Centre (Child Care Centre 6)</i>	3,900	250	1,500	1,220	680			3,650						3,650
<i>Customer Service Improvements</i>	3,175		1,000	400				1,400						1,400
<i>David and Mary Thompson (7)</i>	3,900		500	1,500	1,220	680		3,900						3,900
<i>Mount Dennis Child Care Centre</i>	9,000		4,500	1,000				5,500						5,500
<i>New Child Care Centre No 8</i>	3,900					500	1,500	2,000	1,220	680				3,900
<i>New Child Care Centre No 9</i>	3,900							-		500	1,670	1,730		3,900
<b>Sub-Total</b>		6,561	24,917	15,203	5,047	2,880	1,500	56,108	1,220	1,180	1,670	1,730	-	61,908
<b>Total</b>		6,714	26,386	16,676	6,332	4,106	2,867	63,081	2,587	2,547	3,037	3,097	1,496	75,845

## Appendix 3

### 2017 Preliminary Capital Budget; 2018 to 2026 Preliminary Capital Plan

## Appendix 4

### 2017 Cash Flow and Future Year Commitments

## Appendix 5

### 2017 Preliminary Capital Budget with Financing Detail



## Appendix 6 Reserve / Reserve Fund Review

### Reserve / Reserve Fund – Program Specific (\$000s)

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Projected Balance as at Dec 31, 2016 *	Contributions / (Withdrawals)										2017 - 2026 Total Contributions / (Withdrawals)		
			2017 Budget	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan			
Child Care Capital Reserve Fund XR1103	Beginning Balance	49,146	49,146	38,444	32,767	31,256	29,957	30,022	30,087	30,153	30,219	30,285			
	Withdrawals (-)														
	Health and Safety **		(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(10,000)	
	Minor Capital **		(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(4,000)	
	St John the Evangelist Catholic School		(75)	(97)	(57)									(229)	
	Bridletown Community Centre		(150)	(122)	(68)									(340)	
	David and Mary Thompson		(50)	(150)	(122)	(27)								(349)	
	Advent Child Care Centre		(171)	(50)										(221)	
	Stanley Public School		(1,340)	(1,340)										(2,680)	
	St. Columba Catholic School		(280)											(280)	
	St. Maurice Catholic School		(280)											(280)	
	St. Barnabas Catholic School		(1,383)	(390)										(1,773)	
	St. Roch Catholic School		(1,106)	(157)										(1,263)	
	St. Bartholome Catholic School		(1,380)	(390)										(1,770)	
	St. Stephen Catholic School		(280)											(280)	
	North East Scarborough Recreation Centre			(400)	(1,340)	(1,340)								(3,080)	
	TCH Lawrence Avenue Site		(1,340)	(1,340)										(2,680)	
	TCH Needle Firway		(1,340)	(1,340)										(2,680)	
	George Webster Public School		(1,685)											(1,685)	
	Mount Dennis Child Care Centre		(4,500)	(1,000)										(5,500)	
	<b>Total Withdrawals</b>			<b>(16,760)</b>	<b>(8,176)</b>	<b>(2,987)</b>	<b>(2,767)</b>	<b>(1,400)</b>	<b>(1,400)</b>	<b>(1,400)</b>	<b>(1,400)</b>	<b>(1,400)</b>	<b>(1,400)</b>	<b>(39,090)</b>	
	Contributions (+)														
	<i>Sale of 1 Hollis to Metrolinx</i>			4,500	1,000										5,500
	<i>Funding from Non-Program**</i>			1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000		10,000
	<i>Funding from CS Operating for emergency capital repairs</i>			320	320	320	320	320	320	320	320	320	320		3,200
	<i>Interest</i>			238	179	156	148	145	145	146	146	146	147		1,596
	<b>Total Contributions</b>			<b>6,058</b>	<b>2,499</b>	<b>1,476</b>	<b>1,468</b>	<b>1,465</b>	<b>1,465</b>	<b>1,466</b>	<b>1,466</b>	<b>1,466</b>	<b>1,467</b>		<b>20,296</b>
<b>Total Reserve Fund Balance at Year-End</b>		<b>49,146</b>	<b>38,444</b>	<b>32,767</b>	<b>31,256</b>	<b>29,957</b>	<b>30,022</b>	<b>30,087</b>	<b>30,153</b>	<b>30,219</b>	<b>30,285</b>	<b>30,352</b>	<b>30,352</b>		

\* Based on the 2016 Q3 Variance Report

\*\* Health and Safety Program in 2017 Operating Budget for Children's Services

\* Based on the 2016 Q3 Variance Report

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Projected Balance as at Dec 31, 2016 *	Contributions / (Withdrawals)										2017 - 2026 Total Contributions / (Withdrawals)
			2017 Budget	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan	
Development Charge Reserve Fund - Child Care XR 2122	Beginning Balance	10,200	10,200	5,101	1,887	1,036	2,202	3,572	5,211	6,909	8,180	9,397	
	Withdrawals (-)												
	St John the Evangelist Catholic School		(1,775)	(872)	(514)								(3,161)
	Bridletown Community Centre		(1,350)	(1,098)	(612)								(3,060)
	David and Mary Thompson		(450)	(1,350)	(1,098)	(612)							(3,510)
	New Child Care Centre 8					(491)	(1,292)	(1,047)	(680)				(3,510)
	New Child Care Centre 9								(371)	(1,541)	(1,601)		(3,513)
	Block 31			(34)	(426)								(460)
	Avondale Public School		(229)	(550)	(450)								(1,229)
	Advent Child Care Centre		(1,539)	(450)									(1,989)
	Stanley Public School		(360)	(360)									(720)
	St. Columba Catholic School		(70)										(70)
	St. Maurice Catholic School		(70)										(70)
	St. Barnabas Catholic School		(367)	(110)									(477)
	St. Roch Catholic School		(294)	(43)									(337)
	St. Bartholome Catholic School		(370)	(110)									(480)
	St. Stephen Catholic School		(70)										(70)
	North East Scarborough Recreation Centre			(100)	(360)	(360)							(820)
	TCH Lawrence Avenue Site		(360)	(360)									(720)
	TCH Needle Firway		(360)	(360)									(720)
	<b>Total Withdrawals</b>		<b>(7,664)</b>	<b>(5,797)</b>	<b>(3,460)</b>	<b>(1,463)</b>	<b>(1,292)</b>	<b>(1,047)</b>	<b>(1,051)</b>	<b>(1,541)</b>	<b>(1,601)</b>	<b>-</b>	<b>(24,916)</b>
	<b>Contributions (+)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Development Contributions		2,526	2,568	2,602	2,620	2,646	2,662	2,716	2,770	2,770	2,770	26,650
	Interest		39	15	7	9	16	24	33	42	48	60	293
	<b>Total Contributions</b>		<b>-</b>	<b>2,565</b>	<b>2,583</b>	<b>2,609</b>	<b>2,629</b>	<b>2,662</b>	<b>2,686</b>	<b>2,749</b>	<b>2,812</b>	<b>2,830</b>	<b>26,943</b>
Other Program/Agency Net Withdrawals (-) and Contributions (+)													
<b>Total Reserve Fund Balance at Year-End</b>		<b>10,200</b>	<b>5,101</b>	<b>1,887</b>	<b>1,036</b>	<b>2,202</b>	<b>3,572</b>	<b>5,211</b>	<b>6,909</b>	<b>8,180</b>	<b>9,397</b>	<b>12,227</b>	<b>12,227</b>