

**Management Response to the Auditor General's Review of  
Parks, Forestry and Recreation – Capital Program-  
The Backlog in Needed Repairs Continues to Grow**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
1.	<p><b>The General Manager, Parks, Forestry and Recreation, develop a comprehensive master service and infrastructure plan, incorporating the Division's "Our Common Grounds" strategy and all related studies being developed or planned pertaining to parks and recreation facilities, and report to the Community Development and Recreation Committee by June 30, 2010. Such master plan to include, but not limited to</b></p> <ul style="list-style-type: none"> <li><b>a. specific action plans, timelines and responsibility for implementation</b></li> <li><b>b. estimated costs and potential funding sources or partnership opportunities to be explored</b></li> <li><b>c. reporting on the status of the master implementation plan as part of the annual capital budget submission.</b></li> </ul>	X			<p>The General Manager, Parks Forestry and Recreation will be developing a comprehensive Service Plan for Community Recreation. The Recreation Service Plan will identify recreation and leisure needs of Toronto's communities and provide a framework for decision making and guide the allocation of future investments. The plan is expected for early 2010.</p> <p>Following the completion and adoption of the Service Plan, the Division will develop an infrastructure plan that describes the infrastructure requirements necessary to meet the service needs. It is not expected that the infrastructure plan will be completed until late 2010 or early 2011.</p>

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2.	<p><b>The General Manager, Parks, Forestry and Recreation, take appropriate steps to</b></p> <ul style="list-style-type: none"> <li><b>a. develop criteria for determining when a City facility is considered to be no longer cost-effective to maintain, taking into consideration such factors as utilization, ongoing operating and capital maintenance costs, location, and proximity to other facilities, community impact and changing demographics</b></li> <li><b>b. where practical, incorporate the criteria developed into the capital asset management system</b></li> <li><b>c. compile a comprehensive inventory of all facilities that are no longer cost-effective to maintain based on criteria developed in (a.)</b></li> <li><b>d. identify opportunities for consolidation of operations within existing facilities or potential new ones and recommend facility closures, if warranted</b></li> </ul>	X			<p>The General Manager, Parks Forestry and Recreation will develop criteria for assessing the state of current facilities for Council consideration.</p> <p>The criteria will build and expand on the Facility Condition Index as criteria for evaluating cost effectiveness of maintaining facilities.</p> <p>The Division will further report on a comprehensive inventory of all facilities based on the above index by December 2010.</p>

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	<p>e. determine the full financial implications of either maintaining, enhancing or closing facilities, including any potential program changes resulting from each option</p> <p>f. where a facility closure is recommended, develop alternate accommodation for viable affected programs</p> <p>g. conduct appropriate community consultations of any planned actions.</p>				
3.	<p>The City Manager give priority to the development and implementation of a City-wide prioritization framework for capital repairs, as previously recommended in an Auditor General’s report entitled “Maintenance and Administrative Controls Review – Facilities and Real Estate” dated September 2005. Further, the priority framework be enhanced by including all new capital projects.</p>	X			<p>Through a prioritization of capital repairs for 267 corporate buildings, Facilities and Real Estate has consistently reduced its SOGR backlog annually. The same, albeit City-wide prioritization, of all facility capital projects is underway and will be fully implemented when the responsibility for capital repairs is fully consolidated in Facilities and Real Estate Division, which is planned for 2011. (December 2011)</p>

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					<p>A framework for the prioritization of new and expanded facility capital projects on a Citywide basis has been developed and will be implemented for the 2010 budget process. (November 2009)</p> <p>A corporate framework for prioritization of Information Technology projects has been developed and will be fully implemented beginning with the 2010 capital budgeting process. (November 2009)</p> <p>It is noted that as part of annual capital budget development process, the CM and CFO leads a comprehensive and vigorous review of every capital project included in the submissions of each ABCD to ensure that the highest priority projects are approved. This review is supported by objective prioritization of projects at the individual City Program, Agency, Board or Commission level.</p>

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					<p>Furthermore, the City Manager and Chief Financial Officer determines the allocation of debt and CFC targets across City Programs and ABCs based on a review of 10 years capital project submissions of ABCDs and available funding forecasts. This review examines projects on a prioritized category basis and culminates in the allocation of variable debt / CFC targets for City Programs and ABCs to (a) reflect Council priorities and (b) ensure that sufficient funding is allocated to SOGR to maintain a baseline of 65% - 75% towards SOGR projects.</p>

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4.	<p><b>The General Manager, Parks, Forestry and Recreation report to Budget Committee, as recommended by Council, by November 2009, on the outcome of the Capital Budget Task Force. Such report to include</b></p> <ul style="list-style-type: none"> <li><b>a. issues identified and factors contributing to project delays</b></li> <li><b>b. recommendations to address issues identified and minimize delays</b></li> <li><b>c. status, timelines and responsibility of implementation of each of the recommendations being made.</b></li> </ul>	X			The General Manager, Parks Forestry and Recreation has prepared a draft report on the outcome of the Capital Budget Task Force and will report to the Budget Committee by November 2009.
5.	<p><b>The City Manager, review the funding allocation between state of good repair projects and service improvement or growth-related projects, both at the division and city-wide levels, and take appropriate steps to develop a sustainable long-term strategy to reduce the current and projected state of good repair backlog.</b></p>		X	The City's debt and capital-from-current funding is allocated between state of good repair and service improvement / growth projects at the discretion of the Council with advice from staff. Essentially, the majority of debt / CFC funding is utilized for SOGR projects. The balance of Capital Budget financing (including S.37 and 45 funds, Development Charges, cash-in-lieu of parkland	

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				<p>dedication, provincial and federal funding, donations, reserve and reserve funds) is generally earmarked for specific service improvement and growth projects and cannot be re-assigned. This results in different proportions in the overall budget by City Program/ABCs and City-wide than is set for the application of debt funding. In 2009, the additional debt target allocation provided for Parks, Forestry and Recreation was earmarked to be used only to support state of good repair projects.</p> <p>On an annual basis, the City Manager and Chief Financial Officer reviews capital projects and funding requirements of all ABCDs and allocate available discretionary funding based on prescribed categories of projects.</p> <p>The City Manager and Chief Financial Officer are aware of the SOGR backlog challenges faced by</p>	

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				<p>PF&amp;R and Transportation Services which are the only two programs with increasing backlog.</p> <p>In 2008, based on evaluation of funding demands to maintain existing infrastructure in an optimal SOGR and to satisfy growth demands, PF&amp;R and Transportation Services in particular, along with and other City Programs and ABCs were granted increased debt funding 2009 to 2018 to be used exclusively for their state of good repair projects. In effect, 66% of discretionary City funding was directed to SOGR projects with a focus on reducing the backlog.</p> <p>The City has had to balance fiscal constraints and capital funding demands to ensure that its capital program is sustainable and addresses the significant and competing demands for growth and SOGR funding. The City has a 10-Year Capital Plan that is based on</p>	

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				debt affordability for each of the 10 years. Under challenging circumstances, a sustainable, strategic 2009 – 2018 capital plan that addresses the state of good repair needs and satisfies the growth demand of its constituents has been developed.	
6.	<b>The Deputy City Manager and Chief Financial Officer require all major projects for new infrastructure include future capital maintenance costs for reporting under the financial implications at the time of project approval.</b>	X			Future capital maintenance costs will be included in the consideration of new infrastructure projects, in reports to Committee and Council and as part of the annual capital budget process. As a result, Council will have all future operating and maintenance costs as well as the cost of servicing debt identified for its consideration of the project.

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7.	<p><b>The City Manager, in consultation with the General Manager, Parks, Forestry and Recreation and the Director, Toronto Office of Partnerships, develop, for approval by Council, a comprehensive City-wide policy on naming rights and other private funding arrangements, such policy to</b></p> <p><b>a. consider all existing policies related to</b></p> <ul style="list-style-type: none"> <li><b>i. Parks and Recreation Naming and Renaming Policy</b></li> <li><b>ii. Donations policy</b></li> <li><b>iii. Advertising</b></li> <li><b>iv. Unsolicited bids</b></li> <li><b>v. Sponsorships and partnerships</b></li> </ul>	X			<p>Work on a comprehensive City-wide policy has been underway for some time. (Fall 2009)</p> <p>Re b) iii Creation of an endowment fund to offset future maintenance and repair costs has been explored in the past and has not been well received by corporate or philanthropic donors. The donors’ preference has been to fund an initial development (sport field, park renovation, etc.) with the ongoing maintenance and repair costs as the responsibility or “contribution” by the City.</p>

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	<p><b>b. include guidelines on</b></p> <ul style="list-style-type: none"> <li><b>i. eligibility criteria for facilities to be considered for naming rights</b></li> <li><b>ii. responsibility and control processes for securing and accepting naming rights or other private funding arrangements</b></li> <li><b>iii. the creation of endowment, or similar funds, to offset future maintenance and repair costs for new facilities put in place under this policy.</b></li> </ul>				
8.	<p><b>The Director, Toronto Office of Partnerships, in consultation with appropriate divisional staff, identify all potential projects and facilities that may benefit from naming rights or other private funding arrangements and, with the approval of Council, pursue such funding according to corporate guidelines.</b></p>	X			<p>It should be understood that the types of facilities built and managed by PFR are neighborhood and community oriented and not on a similar scale as a BMO Field, Direct Energy or Sony Centre, as referenced in the AG’s report. Therefore the potential for naming rights for revenue purposes may be limited.</p> <p>Also, while revenue from corporate naming rights or philanthropic</p>

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					<p>donations may be forthcoming, private funding to replace or enhance current infrastructure as a substitute for core funding is a policy issue that needs to be determined by Council.</p> <p>The implementation will follow approval by Council of a comprehensive Naming Rights policy.</p>
9.	<p><b>The General Manager, Parks, Forestry and Recreation, give priority to completing the development and implementation of the work order system for Parks, Forestry and Recreation Division to provide the tracking of both operating and capital costs of each facility.</b></p>	X			<p>SAP Plant maintenance Module for the work order management has been implemented for Operating costs in 2008.</p> <p>PF&amp;R will use the SAP Plant Maintenance Module by adding capital cost centers.</p> <p>PF&amp;R will work with the City stakeholders to assess the costs and timelines to implement the capital costs in the SAP Asset Management Module and report back to Council through the budget process.</p>

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10.	<b>The City Clerk, in consultation with the City Solicitor, clarify Council procedures with respect to recommendations at Community Councils on matters that are contrary to Council policy, and consider requiring that such recommendations state explicitly that a Council policy is being contravened.</b>		X	<p>While it is reasonable to expect City officials to disclose when their reports contain recommendations that are contrary to policy, the City Clerk notes that many recommendations that vary or are contrary to policy are the result of motions moved by Members during debate.</p> <p>It is not practical to prescribe the form of motions by amendment to the Council Procedures, nor is it practical to enforce such a rule. To require Members to include such a preface to their motions would require them—and the presiding officer—to know the contents of all City policies.</p>	The City Clerk will clarify with staff the existing options for City officials to bring information to the attention of City Council when they believe it has been deprived of information relating to the policy.

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				<p>Further, the City Clerk is required by COTA to record all decisions and resolutions of Council and its committees <u>without note or comment</u>, so it not possible for the Clerk to annotate or comment on recommendations when transmitted from Community Councils to Council.</p> <p>However, under existing Council Procedures, a City Official who wishes to bring additional information to Council’s attention when considering a committee recommendation may submit supplementary correspondence on the item and the Clerk will place it before Council.</p>	