

Analyst Briefing Notes

Community Services Committee

(November 8, 2005)

Page

PART I: CAPITAL PROGRAM

| | |
|---|---|
| Executive Summary | 1 |
| Recommendations | 2 |
| 2005 Capital Variance Review | 3 |
| 5-Year Capital Plan (2006-2010)..... | 4 |
| 2006 Capital Budget Submission Summary | 6 |
| 2006 Proposed Capital Budget Changes | 7 |
| Total 2006 Proposed Total Cash Flow & Future Year Commitments | 8 |
| Operating Budget Impact | 9 |

PART II: ISSUES FOR DISCUSSION

| | |
|--|----|
| 2006 Issues | 10 |
| Issues Referred to 2006 Capital Budget | 15 |
| Outstanding Issues From Prior Years | 15 |

APPENDICES

| | |
|---|---------|
| 2006 Appendix 1 Proposed Capital Budget and 2007 to 2015 Revised Program..... | A1 – A4 |
| 2006 Appendix 2 Proposed Capital Budget & Future Year Commitments..... | A5 – A7 |
| 2006 Appendix 3 Proposed Projects with Financing Details..... | A8 – A9 |
| Appendix 4 Reserve / Reserve Fund Review | A10 |

Contacts: Alan Cohen, Manager
 Tel: (416) 392-3740
 Cherry Enriquez, Senior Financial Analyst
 Tel: (416) 397-4296

PART I: CAPITAL PROGRAM**Executive Summary**

- Children's Services spent \$2.550 million or 20.7% of its 2005 Approved Capital Budget of \$12.333 million as of September 30, 2005. Actual expenditures by year-end are anticipated to be \$8.512 million or 69% of the Approved Budget resulting in an underexpenditure of \$3.821 million. The under-spending is mainly attributed to delays in constructing new child care centres due to finding appropriate sites. The Program is projecting a 2005 carry forward funding into 2006 of \$3.821 million.
- The 2006 Proposed Capital Budget including previously approved commitments requires new 2006 cash flow of \$6.251 million gross with debt funding of \$1.0 million. This cash flow combined with 2005 carry forward funding into 2006 of \$3.309 million brings the total 2006 Capital Budget to \$9.560 million gross, of which \$1.0 million is funded by debt. The total new 2006 debt funding of \$1.0 million is at the guideline.
- Approval of the 2006 Proposed Capital Budget will result in future year commitment of \$1.0 million in 2007 and no debt impact.
- 52% of the 2006 proposed new cash flow is allocated to Health & Safety / Playgrounds at \$5.000 million, 43% to Service Improvement projects for new child care centres at \$4.090 million, and 5% to State-of-Good-Repair project at 455 Dovercourt of \$0.470 million.
- The 2006 Proposed Capital Budget has excluded two projects pending the results of reports on the following: the Best Start Project pending a review of new City-owned child care centres that are eligible for Best Start; and the expanded Childcare Centre Project at 455 Dovercourt (deferred to 2007) subject to the outcome of a report and Feasibility Cost Study currently underway.
- The Revised 5-Year Capital Plan totaling \$35.280 million with 2006 cash flow of \$9.560 million, and revised cashflow projection of \$9.000 million in 2007; \$7.054 million in 2008; \$5.000 million in 2009; and, \$5.000 million in 2010 for Children's Services is being referred to the Deputy City Manager & Chief Financial Officer for review, and that appropriate staff will be reporting back to the Budget Advisory Committee in the Spring of 2006 on a Recommended Firm 5-Year Capital Plan within Council's approved debt affordability limits.

Recommendations

It is recommended that:

1. the 2006-2015 Children's Services capital program request with a total 10-year project cost of \$35.280million be received;
2. the 2006 Proposed Capital Budget for Children's Services with a total project cost of \$5.500 million and a 2006 cash flow of \$9.560 million be approved. The 2006 Proposed Capital Budget consists of the following:
 - a) New Cash Flow Funding for:
 - i. 2 new sub-projects with a 2006 total project cost of \$5.500 million that requires cash flow of \$5.500 million in 2006 and a future year commitment of \$1.0 million in 2007;
 - ii. 3 sub-projects from previously approved projects with carry forward funding from 2004 requiring 2006 cash flow of \$0.751 million.
 - b) 2005 approved cash flow for 3 previously approved sub-projects with carry forward funding from 2005 into 2006 totalling \$3.309 million and incremental costs of \$0.110 in 2007;
3. new debt service costs of \$0.030 million in 2006 resulting from the approval of the 2006 Proposed Capital Budget be approved for inclusion in the 2006 and future years operating budgets;
4. approval of the \$4.0 million, representing the Provincial portion of the \$5.0 million gross expenditure for the Health and Safety / Playground project, be conditional on receiving this funding from the Province;
5. the revised cash flow projections of \$9.0 million in 2007, \$7.054 million in 2008, \$5.0 million in 2009 and \$5.0 million in 2010 for Children Services be referred to the Deputy City Manager & Chief Financial Officer for review, in consultation with appropriate staff, and report back to the Budget Advisory Committee in the Spring of 2006 on a Recommended Firm 5-Year Capital Plan within Council's approved debt affordability limits; and
6. consideration of the \$1.0 million request for a Child Care Centre at 455 Dovercourt be deferred from 2006 to 2007 pending a report from the General Managers of Children Services and Social Services to Budget Advisory Committee by early 2006 on details of the architectural study and financial implications for the following:
 - (a) The proposed Childcare Centre on the ground floor at 455 Dovercourt; and,
 - (b) The relocation of the Social Services office from 455 Dovercourt.

2005 Capital Variance Review

| 2005 Budget to Actuals Comparison - Total Gross Expenditures (\$000s) | | | | | |
|---|--|---------|-------------------------------|---------|------------|
| 2005 Approved | Actuals as of Sept. 30 Y-T-D (3rd Qtr Variance) | | Projected Actuals to Year End | | Balance |
| \$ | \$ | % Spent | \$ | % Spent | \$ Unspent |
| 12,333 | 2,550 | 21 | 8,512 | 69 | 3,821 |

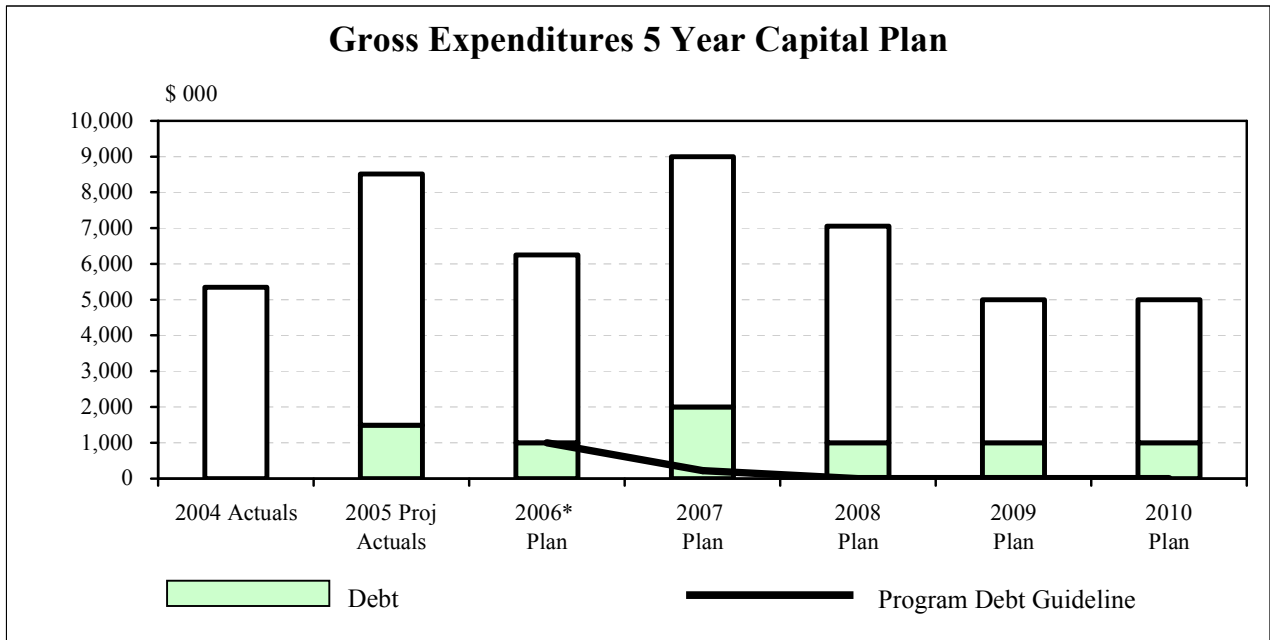
Comments / Issues:

Children’s Services is projecting the 2005 year-end spending rate for 6 approved projects at 69% in its September 30, 2005 Variance Report. The projection for carry forward funding requested with the 2006 Capital submission is \$3.309 million implying year end actuals of \$9.024 million. This is higher than the projected actual of \$8.512 million identified in the 3rd quarter variance report. This projected spending rate of 69% represents an improvement over the 54% achieved for 2004. Based on the 3rd quarter variance report, the 2005 carry forward funding into 2006 is projected to be \$3.821 million.

The 2006 Proposed Capital Budget does not reflect any subsequent changes to funding being carried forward from 2005 to 2006 based on the unspent cash flow balance projected as at September 30th, 2005. Adjustments to carry forward funding will be reported through to the Budget Advisory Committee during its review of the 2006 Proposed Capital Budget.

- Health and Safety/Playground Program. – Spending on this project is contingent on Provincial guarantees and approval of subsidies. The Program expects that, contingent on receipt of the Provincial funding guarantees, implementation of this project will be accelerated during the third quarter of the year and the budget allocations will be fully spent at year-end. The project for 2005 totals \$7.400 million (including 2004 carry forward funding to 2005) with 80% funded from the Province. With only \$2.162 million spent to-date; it’s doubtful the full amount will be spent by year-end with unspent balances to be carried forward into 2006.
- New Child Care Centres – Under-spending on this project has resulted because of delays pending coordination with planning of the Best Start initiative. Children's Services is currently working with other City divisions to jointly develop multipurpose facilities through this project, meeting the criteria of the approved Service Plan. There is no financial impact on the City’s debt as the project is funded through reserve funds. \$2.4 million is projected to be carried forward from 2005 into 2006.
- Child Care Centre project - 118 Enderby – Work on this project has commenced. Work under the construction contract entails demolition of existing building, remediation and clean-up of the contaminated site and then the construction of a child care centre. The project is to take approximately eleven months with full completion anticipated by June 2006. The program is projecting to spend 59.1% or \$1.100 million by the end of 2005 and requires carry forward funding into 2006 of \$0.762.

5-Year Capital Plan (2006-2010)



| | 5 Year Plan | | | | | | | 2006-2010 |
|---|-------------|--------|--------------|------------|----------|----------|----------|--------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | |
| Gross Expenditures: | | | | | | | | |
| Budget (Excluding 1-Yr. Carry/Fwd) | 6,958 | 8,218 | 6,251 | 9,000 | 7,054 | 5,000 | 5,000 | 32,305 |
| 1-Yr Carry/Fwd Gross (Reference only) | 2,883 | 4,115 | 3,309 | | | | | |
| Sub-Total Gross Exp. Including 1-Yr. Carry/Fwd | 9,841 | 12,333 | 9,560 | | | | | |
| Actuals | 5,348 | 8,512 | | | | | | |
| Financing: | | | | | | | | |
| Debt | | | 1,000 | 2,000 | 1,000 | 1,000 | 1,000 | 6,000 |
| Debt Actuals (including 1-Yr Carry/Fwd) | 0 | 1,491 | | | | | | |
| Program Debt Target | | | 1,000 | 222 | 0 | 0 | 0 | 1,222 |
| Other Financing Sources: | | | | | | | | |
| Reserves/Reserve Funds | | | 1,251 | 3,000 | 2,054 | | | 6,305 |
| Development Charges | | | | | | | | |
| Federal | | | | | | | | |
| Provincial | | | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 20,000 |
| Other Revenue | | | | | | | | |
| By Category: | | | | | | | | |
| Health & Safety | | | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 25,000 |
| Legislative | | | | | | | | |
| SOGR | | | | | | | | |
| Service Improvement | | | 1,251 | 4,000 | 2,054 | | | 7,305 |
| Growth Related | | | | | | | | |
| Yearly SOGR Backlog Estimate (not addressed by current year projects) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accumulated Backlog Estimate (end of year) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

*Note: 2006 Debt excludes 1-year carry forward.

- Council approved Children's Services "Childcare Service Plan" includes a covenant to construct new child care centres over 5 years in areas of the City identified as having insufficient licensed subsidized childcare. Funding from the Child Care Capital Reserve Fund will be used to cover the project estimated cost of \$8.0 million over the period 2006 – 2010, with a 2006 cash flow request of \$2.946 million to be used for construction and design of 2 child care centres.
- The Revised 5-Year Capital Plan of \$25.0 million for the Health and Safety / Playground Program assumes that the Province will continue to provide 80 per cent share of \$20.0 million. However, the uncertainty of a Provincial funding commitment for health and safety needs of existing child care centre remains an ongoing concern. As recommended in previous years, approval of the expenditure of the Provincial portion be conditional upon the receipt of provincial funding of \$4.0 million for 2006 and \$16.0 million for 2007 to 2010.
- Based on a 10-year Building Condition Assessment prepared by Facilities and Real Estate for 13 City-owned facilities occupied by Children's Services (with the exception of the 455 Dovercourt facility), the buildings occupied by Children's Services do not have a State of Good Repair backlog.
- State of readiness of projects is one of the main issues for two projects included in the Revised 5-Year Capital Plan. The New Child Care Centres Project, included in Children Services' "Childcare Service Plan", consists of building four new child care centres, over a period of five years commencing in 2004 and completed by 2008. The project has experienced delays pending coordination with planning of the Best Start initiative. The other project is the Health & Safety / Playground Project which experiences delays as it is contingent on the Province providing its 80 per cent share.
- The Revised 5-Year Capital Plan excludes Best Start Capital expenditures pending a review / report on City-owned facilities eligible for Best Start.

2006 Capital Budget Submission Summary
(\$000)

| 2006 Capital Projects | | Total Project Cost | | 2004 Carry Forward | | 2006 Previous Commitment | | 2006 New | | Total 2006 Request (w/o 2005 C/Fwd) | | 2005 Carry Forward | | Total 2006 (Incl 2005 C/Fwd) | |
|---|-----|--------------------|------------------------------|--------------------|------------------------------|--------------------------|------------------------------|---------------|------------------------------|-------------------------------------|------------------------------|--------------------|------------------------------|------------------------------|------------------------------|
| Project / Sub-Project Name | Cat | Gross | Debt/ Internal Sources | Gross | Debt/ Internal Sources | Gross | Debt/ Internal Sources | Gross | Debt/ Internal Sources | Gross | Debt/ Internal Sources | Gross | Debt/ Internal Sources | Gross | Debt/ Internal Sources |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| Carryforwards: | | | | | | | | | | | | | | | |
| Child Care Centre - 5176/5200 Yonge Street | 4 | | | 40 | 0 | | | | | 40 | 0 | | | 40 | 0 |
| Child Care Centre - 610 Jane Street | 4 | | | 89 | 0 | | | | | 89 | 0 | | | 89 | 0 |
| Child Care Centre - 118 Enderby | 4 | | | 122 | 0 | | | | | 122 | 0 | 378 | 0 | 500 | 0 |
| Child Care Centre - 118 Enderby Increase | 4 | | | | | | | | | | | 515 | 0 | 515 | 0 |
| New Child Care Centres: Centre A - Design | 4 | | | 500 | 0 | | | | | 500 | 0 | | | 500 | 0 |
| New Child Care Centres: Centre A - Construction | 4 | | | | | | | | | | | 1,459 | 0 | 1,459 | 0 |
| New Child Care Centres: Centre B - Design | 4 | | | | | | | | | | | 487 | 0 | 487 | 0 |
| Dovercourt - Renovation | 3 | | | | | | | | | | | 470 | 0 | 470 | 0 |
| Sub-Total | | | | 751 | 0 | 0 | 0 | 0 | 0 | 751 | 0 | 3,309 | 0 | 4,060 | 0 |
| Previously Approved: | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| Sub Total | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| New and Change in Scope Projects | | | | | | | | | | | | | | | |
| 2006 Health & Safety/Playground Program | 1 | 5,000 | 1,000 | | | | | 5,000 | 1,000 | 5,000 | 1,000 | | | 5,000 | 1,000 |
| Centre B - Construction | 4 | 1,500 | 0 | | | | | 500 | 0 | 500 | 0 | | | 500 | 0 |
| Dovercourt - Renovation | 4 | 1,000 | 1,000 | | | | | 1,000 | 1,000 | 1,000 | 1,000 | | | 1,000 | 1,000 |
| Best Start | 4 | 43,426 | 0 | | | | | 43,426 | 0 | 43,426 | 0 | | | 43,426 | 0 |
| Sub Total | | 50,926 | 2,000 | 0 | 0 | 0 | 0 | 49,926 | 2,000 | 49,926 | 2,000 | 0 | 0 | 49,926 | 2,000 |
| Total Submission 2006 | | 50,926 | 2,000 | 751 | 0 | 0 | 0 | 49,926 | 2,000 | 50,677 | 2,000 | 3,309 | 0 | 53,986 | 2,000 |

*Category Index: (1) Health & Safety; (2) Legislated/ City Policy, (3) SOGR, (4) Service Improvement/Enhancement, (5) Growth Related

Proposed 2006 Capital Budget Changes (\$000)

| | | 2006 Requested Cash Flow | | Proposed Changes | | | 2006 Proposed Cash Flow | |
|---|------|--------------------------|------------------------------|------------------|------------------------------|--|-------------------------|------------------------------|
| Project/Sub Project Name | Cat. | Gross | Debt/ Internal Sources | Gross | Debt/ Internal Sources | Comments / Issues | Gross | Debt/ Internal Sources |
| 2005 Carryforwards Other Carry Forwards (details on previous page) | | 3,309 | 0 | | | | 3,309 | 0 |
| Sub Total | | 3,309 | 0 | 0 | 0 | | 3,309 | - |
| 2004 Carryforwards Other 2004 Carryforwards (details on previous page) | | 751 | 0 | | | | 751 | 0 |
| Sub Total | | 751 | 0 | 0 | 0 | | 751 | 0 |
| 2006 Previously Approved Commitments Other Previously Approved (details on previous page) | | | | | | | | |
| Sub Total | | 0 | 0 | 0 | 0 | | 0 | 0 |
| New Projects Dovercourt - Expanded child care centre | | 1,000 | 1,000 | (1,000) | (1,000) | Defer Dovercourt Child Care Centre pending the outcome of feasibility cost study Transfer to Children's Services Operating Budget pending a review of child care centres in City-owned properties | 0 | 0 |
| Best Start | | 43,426 | 0 | (43,426) | 0 | | 0 | 0 |
| Other New (details on previous page) | | 5,500 | 1,000 | | | | 5,500 | 1,000 |
| Sub Total New Projects | | 49,926 | 2,000 | (44,426) | (1,000) | | 5,500 | 1,000 |
| Total 2006 Proposed (Incl. 2005 C/Fwd) | | 53,986 | 2,000 | (44,426) | (1,000) | | 9,560 | 1,000 |
| Less 2005 Carry Forwards | | (3,309) | 0 | 0 | 0 | | (3,309) | 0 |
| Total 2006 Proposed (Excl. 2005 C/Fwd) | | 50,677 | 2,000 | (44,426) | (1,000) | | 6,251 | 1,000 |

**Total 2006 Proposed Cash Flow & Future Year Commitments
(\$000s)**

| | 2004 & Prior Year Carry Forward | 2006 Previous Commitments | 2006 New Proposed | 2006 Total Cash Flow Proposed | 2006 Guidelines | 2005 Carry Forward | Total 2006 Cash Flow (Incl 2005 C/Fwd) | 2007 | 2008 | 2009 | 2010 | 2011- 2015 | Total Cost |
|--------------------------|---------------------------------------|------------------------------|----------------------|-------------------------------------|--------------------|-----------------------|--|--------------|----------|----------|----------|---------------|---------------|
| Expenditures | | | | | | | | | | | | | |
| Previously Approved | 751 | | | 751 | | 3,309 | 4,060 | | | | | | 4,060 |
| Change in Scope | | | | | | | 0 | | | | | | 0 |
| New | | | 5,000 | 5,000 | 5,000 | | 5,000 | | | | | | 5,000 |
| New w/Future Year | | | 500 | 500 | | | 500 | 1,000 | | | | | 1,500 |
| Total Expenditure | 751 | 0 | 5,500 | 6,251 | 5,000 | 3,309 | 9,560 | 1,000 | 0 | 0 | 0 | 0 | 10,560 |
| Financing | | | | | | | | | | | | | |
| Debt | | | 1,000 | 1,000 | 1,000 | | 1,000 | | | | | | 1,000 |
| Subsidy (SCPI) | | | | | | | | | | | | | 0 |
| Prov. Subsidy/Grant | | | 4,000 | 4,000 | 4,000 | | | | | | | | 0 |
| Development Charges | | | | | | | | | | | | | 0 |
| Other | | | | | | 470 | 470 | | | | | | 470 |
| Federal Grants | | | | | | | | | | | | | 0 |
| Reserves/Res Funds | 751 | | 500 | 1,251 | | 2,839 | 4,090 | 1,000 | | | | | 5,090 |
| Total Financing | 751 | 0 | 5,500 | 6,251 | 5,000 | 3,309 | 9,560 | 1,000 | 0 | 0 | 0 | 0 | 10,560 |

Comments / Issues:

- The 2006 Proposed Capital Budget is \$6.251 million gross, including \$5.5 million for 2 new projects, \$0.751 million in 3 previously approved projects in 2004 carried into 2006 and \$3.309 million for 3 projects carried forward from 2005 to 2006.
- Approval of the 2006 Proposed Capital Budget will result in a commitment of \$1.000 million in 2007 with no impact on debt as the Child Care Capital Reserve Fund will be used to cover the full cost in 2007.

Operating Budget Impact

Table 6: Incremental Operating Budget Summary

| Incremental Operating Budget Impact | 2006 | 2007 | 2008 | 2009 | 2010 |
|--|------|-------|------|------|------|
| Program Costs (net) (\$000s) | 0.0 | 0.0 | | | |
| Debt Service Charges (\$000s) | 30.0 | 110.0 | 0.0 | 0.0 | 0.0 |
| Approved Positions | | | | | |

Program Incremental Operating Costs

There is no impact on Children's Services' 2006 Operating Budget resulting from the approval of the 2006 Proposed Capital Budget. The existing supply of childcare spaces will not increase but spaces will be reallocated to new facilities in under-served areas.

Debt Service Cost

The 2006 Proposed Children's Services' Capital Budget will result in new debt service costs of \$0.03 million in 2006 and the incremental cost of \$0.110 million in 2007.

Debt service cost of repayment of principal and interest is calculated according to corporate guidelines, in the following manner: 3.0% Year 1, and 14% for subsequent years

PART II: ISSUES FOR DISCUSSION**2006 Issues****2006 Proposed Capital Budget versus Guideline**

The 2006 debt affordability guideline for Children's Services was set at \$1.0 million. The 2006 Proposed Capital Budget of \$1.0 million is at the debt guideline.

5 Year Capital Plan Overview

Children's Services' Revised 5 Year Capital Plan is comprised of 3 projects, as follows:

- New Childcare Centres

Council approved Children's Services "Childcare Service Plan" addresses the need to provide access to quality childcare in high demand wards by proposing to build four new child care centres over a period of five years commencing in 2004. Under-served areas have been identified but it has been difficult to find suitable sites and to obtain firm architectural and engineering estimates. Funding from the Child Care Capital Reserve Fund will be used to fund the project estimated cost of \$8.0 million over the period 2006 – 2010. The 2006 cash flow of \$2.946 million is for construction and design of 2 child care centres.

- Health & Safety / Playground

Council approved in 2000 a seven-year plan to retrofit all child care and family resource centre playgrounds and to address urgent health and safety concerns. The Health & Safety / Playground Project's Revised 5-year Capital Plan of \$25.0 million assumes 80 per cent funding from the Province of 20.0 million. However, the uncertainty of provincial funding commitment for health and safety needs of existing child care centre remains an ongoing concern. Therefore, the expenditure of the provincial portion must be conditional upon the receipt of provincial funding of \$4.0 million for 2006 and \$16.0 million for 2007 to 2010.

- 455 Dovercourt Child Care Centre Relocation

455 Dovercourt is a City-owned building currently occupied by Children's Services (second floor) and Social Services (ground floor). The proposed childcare centre project would include the relocation of the child care centre to the ground floor (which will require Social Services to relocate to another facility) and also make way for a community based tenant to co-occupy the site with Children's Services. In 2005, Children's Services included \$0.49 million in basic SOGR expenditures with the agreement that future costs of developing the new child care centre would be included in the 2006 Budget Submission pending the outcome of a feasibility study and final costs estimates. The feasibility cost study is still underway and the \$1.0 million included in Children's Services' 2006 Capital Submission has been deferred to 2007 pending the completion of the study which will include the financial implications resulting from the proposed childcare facility and relocation of Social Services to another location.

The Revised 5-Year Capital Plan (excluding 1-year carry forward) totalling \$32.216 million consists of \$20.0 million or 62% from Provincial subsidies; \$6.216 million or 19% from the Child Care Capital Reserve Fund; and \$6.0 million or 19% funded from debt. Based on current debt affordability, the Revised 5-Year Capital Plan exceeds the debt affordability limit set for Children's Services.

Revised 5-Year Plan Changes (\$000)

| Project / Sub-Project Name | Cat | 2006 | | 2007 | | 2008 | | 2009 | | 2010 | | TOTAL 2011-2015 | | Comments / Issues |
|---|-----|------------|-----------------------------------|------------|-----------------------------------|------------|-----------------------------------|------------|-----------------------------------|------------|------------------------------------|--------------------|------------------------------------|--|
| | | Gross 1 | Debt/ Internal Sources 2 | Gross 3 | Debt/ Internal Sources 4 | Gross 5 | Debt/ Internal Sources 6 | Gross 7 | Debt/ Internal Sources 8 | Gross 9 | Debt/ Internal Sources 10 | Gross 11 | Debt/ Internal Sources 12 | |
| PROGRAM REQUEST | | 50,677 | 2,000 | 43,125 | 1,000 | 17,584 | 1,000 | 5,000 | 1,000 | 5,000 | 1,000 | 0 | 0 | |
| Proposed 2006 Changes | | (44,426) | (1,000) | | | | | | | | | | | |
| PROPOSED CHANGES: 2004 Carry Forwards: | | | | | | | | | | | | | | |
| Previously Approved: | | | | | | | | | | | | | | |
| New: | | | | | | | | | | | | | | |
| 455 Dovercourt Child Care Centre Project | | | | 1,000 | 1,000 | | | | | | | | | Deferred pending outcome of the Feasibility Cost Study |
| Best Start Project | | | | (35,125) | 0 | (10,530) | 0 | | | | | | | Transfer to Children's Services Operating Budget pending a review of child care centres in City-owned properties |
| Sub-Total Proposed Changes | | (44,426) | (1,000) | (34,125) | 1,000 | (10,530) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Proposed 5-Yr. Cash Flow | | 6,251 | 1,000 | 9,000 | 2,000 | 7,054 | 1,000 | 5,000 | 1,000 | 5,000 | 1,000 | 0 | 0 | |
| Debt Guideline | | | 1,000 | | 222 | | 0 | | 0 | | 0 | | | |
| Variance To Debt Guideline | | | 0 | | 1,778 | | 1,000 | | 1,000 | | 1,000 | | | |

Capacity

The spending rate for 2005 indicates that the Program has been able to improve over prior year spending rates and has attempted to ensure that project delays are kept to a minimum. The 2005 projected spending rate of 69% represents an improvement over the 54% achieved for 2004. Based on the 3rd quarter variance report, the 2005 carry forward funding into 2006 is projected to be \$3.821 million, lower than the \$4.115 million in 2005.

The New Child Care Centres Project has experienced delays pending coordination with planning of the Best Start initiative. Children's Services is currently working with other City divisions to jointly develop multipurpose facilities through this project, meeting the criteria of the approved Service Plan. This project will require carry forward funding into 2006 of \$2.446 million.

Backlog of Projects – Unmet Needs

Based on a 10-year Building Condition Assessment prepared by Facilities and Real Estate for the 13 City owned facilities occupied by Children's Services (with the exception of the 455 Dovercourt facility), the buildings occupied by Children's Services are not considered to be in a State of Good Repair backlog.

Best Start Project:

The Provincial Best Start Strategy, first announced in November 2004, is a 10-year plan designed to give Ontario's children the best start in life and to help them achieve success in school by providing a comprehensive system for services that support children from birth to transition into school.

The Province is using new federal funding to expand the number of licensed child care spaces, increase access to subsidies and improve the wages of child care workers. The Province has waived any requirement for municipalities to cost share the new money for the length of the Federal/Provincial agreements (until 2010).

Under the Best Start Plan, the Province has confirmed annual allocations to the City of Toronto over a three year period (2005 – 2008). The allocation corresponds to the Province's fiscal year (April to March). The impacts on the City's budgets for 2005 – 2008 are noted in the chart below.

| <u>Calendar Year</u> | <u>2005</u> (\$000's) | <u>2006</u> (\$000's) | <u>2007</u> (\$000's) | <u>2008</u> (\$000's) | <u>Total</u> (\$000's) |
|----------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------|
| Operating | 25,404.4 | 56,867.6 | 76,035.0 | 114,470.0 | 272,777.0 |
| Capital | 20,512.5 | 22,912.5 | 35,125.0 | 10,530.0 | 89,080.0 |
| Total | 45,916.9 | 79,780.1 | 111,160.0 | 125,000.0 | 361,875.0 |

On September 28, 29, and 30, 2005, City Council adopted without amendment P&F Report #8, Clause 45, recommending budget adjustments to Children's Services' 2005 Operating and Capital Budgets to account for additional expenditures relating to the Best Start Project, with no financial impact to the City as this project is 100% funded by Provincial revenues.

The report recommended an increase of \$25.404 million to the 2005 Operating Budget and \$56.868 million to the 2006 Operating Budget to reflect the operating allocation for 2005 and 2006 respectively. The report also recommended a new Capital project for 2005 entitled Best Start with initial funding of \$20.5125 million for 2005. Subsequently, \$18.5125 million in 2005 was transferred to the Operating Budget (from Council adoption of report from the General Manager of Children Services entitled "Best Start Transition Infrastructure Plan" in October 2005) as approximately \$2.0 million was identified for Child Care Centres in City-owned properties.

The Best Start Capital program is included in the 2006 Operating Budget Submission pending a review of child care centres identified in City owned properties. Specific project details on the capital budget allocations will be reported to Council once identified. The report will recommend adjustments to Children's Services' the Operating and Capital Budgets to accommodate the revised Best Start plan with recommended specific sites.

Issues Referred to 2006 Capital Budget

None

Outstanding Issues from Prior Years**Child Care Centre Project at 455 Dovercourt:**

The Dovercourt facility is a 46 years old building with 20,065 sq. ft. of available space. Currently, both Children Services and Social Services occupy 455 Dovercourt: Children Services on the second floor and Social Services on the ground floor. The proposal includes the relocation of the child care centre to the ground floor to provide a full child care centre with service provision for infants and also make way for a community based tenant to co-occupy the site with Children Services. Social Services will then be forced to relocate (as the Social Services office occupies the main floor).

In 2005, Children Services included \$0.490 million in basic SOGR expenditures in its Capital Plan with agreement that future costs of developing the new child care centre would be included in the 2006 Budget Submission pending a feasibility study and final costs estimates. Both Social Services' and Children Services' Capital Budget Submissions include the option of Children Services staying in 455 Dovercourt (moving to the first floor and renovating to meet program and accessibility requirements) while Social Services relocates to another facility making way for a community based tenant to co-occupy the site with Children Services.

The Children Services Capital Plan includes \$0.490 million in 2005 to ensure the site is in a state of good repair and \$1.0 million in 2006 to meet the requirements of the new child care centre. Social Services' 2006 Capital Budget Submission includes \$0.845 million to relocate its office to another facility. The submission includes only preliminary estimates with potential expenditures between \$1.2 million (including construction cost of \$0.845 million and \$0.39 million in ongoing operating costs for a 13,000 square feet office as occupied at 455 Dovercourt) and \$2.5 million for a full office.

A feasibility study is underway to determine costs for the move of the child care centre to the first floor; the move of the playground from the rooftop to the ground level, the possible location of space for community services in the second floor, barrier free conversion of the building, parking and safe drop-off/pick-up location, and required state of good repair works.

Recommendation:

As the feasibility and architectural study has not been completed, it is recommended that the proposed expanded child care centre and subsequent relocation of the Social Services offices be deferred pending a report from the General Managers of Children Services and Social Services on the outcome of the study with details and financial implications of the proposed childcare facility and relocation

Appendix 1
2006 Proposed Capital Budget and 2007 to 2015 Revised
Program

Appendix 2
2006 Proposed Capital Budget
& Future Years Commitments

Appendix 3
2006 Proposed Capital Project
with Financing Details

Appendix 4
Reserve / Reserve Fund Review

| Reserve / Reserve Fund Name | Project / SubProject Name and Number | Balance as of Sept 30 | Proposed Withdrawals | | | |
|-------------------------------------|--------------------------------------|--------------------------|----------------------|------------|------------|------------------|
| | | | 2006 | 2007 | 2008 | 2009 & Beyond |
| XR4002 Child Care Reserve Fund | New Child Care Centres | \$13,508 | \$4,594 | | | |
| Total Reserve / Reserve Fund | | \$13,508 | \$4,594 | \$0 | \$0 | \$0 |