

Analyst Briefing Notes
Economic Development and Parks Committee
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PART I: CAPITAL PROGRAM**Executive Summary**

- The 2005 Approved Capital Budget of \$9.481 million was 45% spent as at September 31, 2005. Actual expenditures by year-end are anticipated to be \$7.695 million, or 81% of the Approved Budget, resulting in projected 2005 cash flow funding of \$1.716 million being carried forward from 2005 to 2006. A spending rate of between 75-80% seems more likely for year-end 2005, representing an improvement over the 54% achieved in 2004.
- The Revised 2006-2015 Culture Capital Program totals \$91.687 million of which \$27.472 million is projected for the Program's Revised 5-Year Capital Plan, with 2006 cash flow of \$7.956 million, \$7.425 million in 2007, \$4.830 million in 2008, \$5.900 million in 2009 and \$5.075 million in 2010.
- The 2006 Proposed Capital Budget, including previously approved commitments, requires new 2006 cash flow of \$6.972 million gross with debt funding of \$4.442 million which is equal to the 2006 debt affordability guideline. This cash flow combined with \$0.984 million gross and \$0.684 million debt funding carried forward from 2005 to 2006 brings the total 2006 Capital Budget to \$7.956 million gross, of which \$5.126 million is funded by debt.
- Approval of the 2006 Proposed Capital Budget results in a 2007 Future Year commitment of \$1.716 million gross and \$1.391 million debt.
- 51% of the 2006 proposed new cash flow is allocated to State of Good Repair projects at \$3.264 million; 8% to Growth-related projects at \$0.535 million; 34% to Service Improvement projects at \$2.197 million; 1% to Legislated projects at \$0.060 million and 21% to Health & Safety projects at \$1.350 million.
- The Culture Capital Program has no current SOGR backlog. With asset audits still ongoing, it is anticipated that a backlog could be determined.
- Culture revised its 5-Year Capital Plan to bring the funding requirements in line with the 5-year affordability targets, however, the 2007 projection is \$0.300 million above target as a result of the deferral of Guild Inn 2006 cash flow to 2007 to make room for \$0.300 debt funding for the Prince's Gates in 2006.
- The Revised 5-Year Capital Plan with cash flow projections of \$7.425 million in 2007, \$4.830 million in 2008, \$5.900 million in 2009 and \$5.075 million in 2010 for Culture will 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 affordability limits
- Deferral of \$1.3 million gross expenditure for The Guild Inn Revitalization project, representing 65% of the requested funding, is proposed,. The proposed 2006 cash flow for the Guild Inn is \$0.700 million, pending the signing of an agreement with the private sector partner. (see page 12)

Recommendations

It is recommended that:

1. the 2006-2015 Culture Capital Program request with a total 10-year project cost of \$96.633 million be received;
2. the 2006 Proposed Capital Budget for Culture with a total project cost of \$5.108 million and a 2006 cash flow of \$7.956 million and future year commitments of \$1.716 million be approved. The 2006 Proposed Capital Budget consists of the following:
 - a) New Cash Flow Funding for:
 - i) 18 new sub-projects with a 2006 total project cost of \$5.108 million that requires cash flow of \$4.152 million in 2006 and a future year commitment of \$0.956 million in 2007;
 - ii) 12 previously approved sub-projects with a 2006 cash flow of \$2.447 million and a future year commitment of \$0.760 million in 2007;
 - iii) 1 sub-project from previously approved projects with carry forward funding from 2004 into 2006 totalling \$0.373 million; which forms part of the affordability targets that requires Council to reaffirm its commitment; and
 - b) 2006 approved cash flow for 14 previously approved project with funding being carried forward from 2005 into 2006 totalling \$0.984 million;
3. the \$0.700 million of 2006 cash flow funding for the Guild Revitalization project be approved, subject to the conclusion of the final agreement between the City and the private sector partner;
4. new debt service costs of \$0.073 million in 2006 and incremental costs of \$0.310 million in 2007 and \$0.153 million in 2008 resulting from the approval of the 2006 Proposed Capital Budget, be approved for inclusion in the 2005 and future year operating budgets;
5. the revised 5-Year Capital Plan with cash flow projections of \$7.425 million in 2007, \$4.830 million in 2008, \$5.900 million in 2009 and \$5.075 million in 2010 for Culture 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 affordability limits; and
6. all sub-projects with third party financing be approved conditionally, subject to the receipt of such funding during 2006 and if such financing is not received, their priority and funding be reassessed by City Council relative to other City-financed priorities and needs.

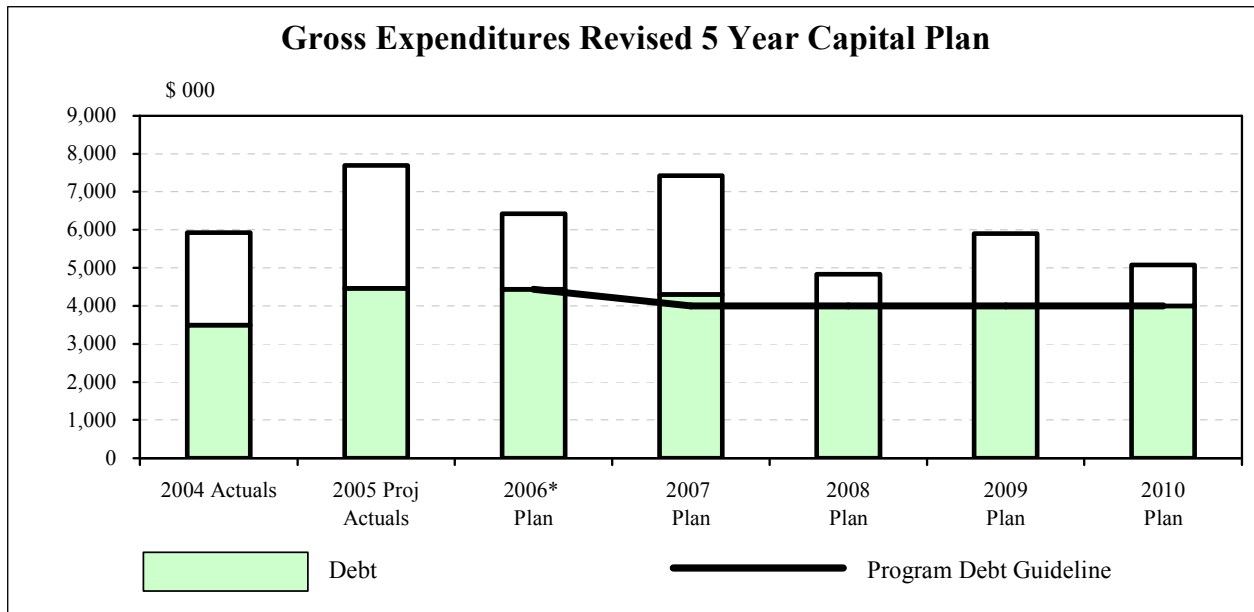
2005 Capital Variance Review

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
9,481	4,291	45	7,695	81	1,786

Comments / Issues:

- Culture is projecting a year end spending rate of 81% or \$7.695 million for 2005 approved projects as of September 30, 2005. This spending rate represents an improvement over the 54% achieved in 2004.
- Out of the total projected unspent balance of \$1.786 million at the end of 2005, \$1.357 million will carry forward from 2005 into 2006 of which \$0.373 million of the unspent balance is required to complete the Don Valley Brick Works project approved in 2004.
- The remainder of the \$0.317 million unspent balance represents underspending on five completed projects, which will be recommended for closure in the first quarter 2006 Capital Variance Report. The projected year-end unspent balance of \$0.317 million is attributable to: \$0.172 million in Restoration and Heritage Elements, \$0.056 million in Montgomery's Inn HVAC, \$0.059 million in Colborne Lodge Restoration, \$0.022 million in mechanical and electrical and \$0.008 million in the Alumnae Theatre projects. Funding for the unspent balance is \$0.123 million from debt and \$0.194 million from other sources.
- Culture staff is focussing on increasing its spending rate. In 2005, Culture received funding for two additional capital coordinators. A spending rate target of 90% has been set for 2006 given that that hiring will be completed in the first quarter of 2006.
- The 2006 Proposed Capital Budget does not reflect any substantial changes to funding being carried forward from 2005 to 2006 and is based on the unspent cash flow balance projected as at September 30th, 2005. Subsequent adjustments to carry forward funding will be reported through the Budget Advisory Committee during its review of the 2006 Proposed Capital Budget.

5-Year Capital Plan (2006-2010)



	5 Year Plan							
	2004	2005	2006	2007	2008	2009	2010	2006-2010
Gross Expenditures:								
Budget (Excluding 1-Yr. Carry/Fwd)	6,619	6,671	6,422	7,425	4,830	5,900	5,075	29,652
1-Yr Carry/Fwd Gross (Reference only)	1,014	2,810	984					
Sub-Total Gross Exp. Including 1-Yr. Carry/Fwd	7,633	9,481	7,406					
Actuals	5,926	7,695						
Financing:								
Debt	4,703	3,817	4,442	4,300	4,000	4,000	4,000	20,742
Debt Actuals (including 1-Yr Carry/Fwd)	3,496	4,463						
Program Debt Target			4,442	4,000	4,000	4,000	4,000	20,442
Other Financing Sources:								
Reserves/Reserve Funds			680	1,975	830	1,900	1,075	6,460
Development Charges								0
Federal			525	100				625
Provincial			100	100				200
Other Revenue	2,430	3,232	843	950				1,793
By Category:								
Health & Safety			1,350	4,035	1,075	2,375	1,075	9,910
Legislated			60	0	50	50	50	210
State of Good Repair			3,264	2,140	2,050	2,150	3,195	12,799
Service Improvement			2,197	650	1,005	525	455	4,832
Growth Related			535	600	650	800	300	2,885

Yearly SOGR Backlog Estimate (not addressed by current year projects)	
Accumulated Backlog Estimate (end of year)	Not available

*Note: 2006 Proposed Debt excludes debt funding for projects being carried forward 1 year.

Comments / Issues:

The Revised 5-Year Capital Plan for Culture places a primary emphasis on State of Good Repair and also includes a continuation of the Health and Safety work at Casa Loma and the Council supported service improvement initiative for the Guild Inn Revitalization project.

- State of Good Repair sub-projects represent 51% of the 2006 Proposed Capital Budget and increases to 63% in 2010 of the Revised 5-Year Capital Plan. The revised 2006 debt target is sufficient to fund the 2006 SOGR requirement. Not all SOGR audits have been completed to date and future assessments could increase the backlog significantly. State of Good Repair projects for facilities that form the core of the Culture portfolio are the priority within the Revised 5-Year Capital Plan.
- Health and Safety projects represent 21% of the 2006 Proposed Budget. The largest Health and Safety project, Casa Loma Restoration, will require \$7.400 million in funding from 2006 to 2010 with \$4.700 million funded from Reserve Funds and \$2.700 million funded from debt.
- Service Improvements projects represent 34% of the 2006 Proposed Budget. The Guild Inn Revitalization Project will require, if the agreement is signed with the private sector partner, \$6.375 million in funding from 2006 to 2010, all funded from debt. Culture has accommodated \$0.700 million within their 2006 debt target, however the balance, \$5.375 million is not included in the Revised 5-year Capital Plan, since it would utilize a significant portion of the debt target used to fund essential SOGR projects. The funding shortfall, currently \$5.375 million, was discussed in the report to Council that identifies the scope and conditions of the agreement with the private sector partner.
- The 2005 Approved Capital Budget for Culture included commitments of \$3.812 million for 2006 cash flow, requiring \$2.815 million debt, and representing 63% of the 2006 Debt Target (\$4.442 million). As a result of the pressure from these 2005 approvals, \$1.365 million funding for 10 previously approved sub-projects is proposed to be deferred until 2007. The proposed funding for 2005 previously approved commitments, \$2.447 million gross and \$1.450 million debt is 32% of the 2006 debt target (see page 8). The 2006 Proposed Capital Budget includes \$1.391 million debt for future year commitments for 2007 representing 35% of the 2007 debt target.
- Culture revised its 5-Year Capital Plan to bring the funding requirements in line with the 5-year affordability targets, however, the 2007 projection is \$0.300 million above target as a result of the deferral of Guild Inn 2006 cash flow to 2007 to make room for \$0.300 debt funding for the Prince's Gates in 2006.
- The revised 5-Year Capital Plan with cash flow projections of \$7.425 million in 2007, \$4.830 million in 2008, \$5.900 million in 2009 and \$5.075 million in 2010 for Culture will 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 affordability limits

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															
										0	0			0	0
Wychwood Car Barns Remediation 2005	1	200	200							0	0	100	100	100	100
Canstage- Capital Maintenance 2005-2012	3	64	64							0	0	25	25	25	25
John Street Roundhouse - Capital Maintenance	3	60	60							0	0	54	54	54	54
Conservation and Collections Facilities	3	75	75							0	0	33	33	33	33
Scarborough Village Theatre 2004-2005	3	60	60							0	0	54	54	54	54
Montgomery's Inn - HVAC System Installation	3	116	116							0	0	48	48	48	48
										0	0			0	0
										0	0			0	0
Sub-Total				0	0	0	0	0	0	0	0	314	314	314	314
Previously Approved															
The Guild Inn Revitalization 2005	4	1,097	0			647	0			647	0	200	0	847	0
Franklin Carmichael Art Centre	4	74	74			50	50			50	50			50	50
Public Art Development	5	400	100			300	150			300	150	20	20	320	170
Culture Facility Accessibility	2	144	144			72	72			72	72			72	72
Front of House	3	100	100			100	100			100	100			100	100
Cedar Ridge Creative Arts Centre Restoration	3	195	195			50	50			50	50			50	50
Spadina Restoration	3	196	196			50	50			50	50			50	50
Casa Loma Structural Restoration 2003-2012	1	1,964	1,964			160	160			160	160			160	160
Casa Loma Exterior Restoration 2005	1	2,500	2,500			1,500	1,500			1,500	1,500			1,500	1,500
Cedar Ridge Creative Arts Centre Restoration	3	83	83			83	83			83	83			83	83
Preventive Maintenance	3	316	316			50	50			50	50			50	50
Outdoor Public Art Maintenance	3	250	250			50	50			50	50	26	26	76	76
Windfields Estate Restoration	3	50	50			50	50			50	50			50	50
Fort York Restoration	3	550	550			250	250			250	250			250	250
Colborne Lodge Restoration	3	50	50			50	50			50	50			50	50
Cultural Collection Centre Waterfront	5	400	200			300	100			300	100	90	90	390	190
Alumnae Theatre	3	50	50			50	50			50	50			50	50
Don Valley Brick Works	3	1,324	1,324	135	0					135	0			135	0
Sub Total				135	0	3,812	2,815	0	0	3,947	2,815	336	136	4,283	2,951

2006 Capital Budget Submission Summary (Continued)
(\$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
New and Change in Scope Projects															
The Guild Revitalization 2006	4	2,000	2,000					2,000	2,000	2,000	2,000			2,000	2,000
Canada Malting Silos	3	50	0					50	0	50	0			50	0
Public Art Development	5	60	0					60	0	60	0			60	0
Fort York - Adding New Buildings	4	50	50					50	50	50	50			50	50
Princes' Gates Design	4	850	300					850	300	850	300			850	300
Spadina Restoration	3	25	0					25	0	25	0			25	0
Morrish Store	3	150	150					150	150	150	150			150	150
Preventive Maintenance	3	300	300					300	300	300	300			300	300
Cedar Ridge Creative Arts Centre Restoration	3	30	5					30	5	30	5			30	5
Don Valley Brickworks (Change in Scope)	1	300	300					200	200	200	200			200	200
Todmorden Mills Museum & Arts Centre	4	450	450					350	350	350	350			350	350
Outdoor Public Art Maintenance	3	250	250					250	250	250	250			250	250
Windfields Estate Restoration	3	150	125					150	125	150	125			150	125
Fort York Restoration	3	300	275					300	275	300	275			300	275
Colborne Lodge Restoration (Change in Scope)	3	150	150					150	150	150	150			150	150
Conservation & Collection Facility	3	400	350					400	350	400	350			400	350
Lorraine Kimsa Theatre for young People	3	250	250					250	250	250	250			250	250
John Street Roundhouse- Capital Maintenance	3	700						400	0	400	0			400	0
Canstage-Capital Maintenance	1	250	250					250	250	250	250			250	250
St Lawrence Centre Capital Maintenance	3	363	363					363	363	363	363			363	363
Legislated Mechanical & Electrical	2	60	60					60	60	60	60			60	60
Sub Total		7,138	5,628	0	0	0	0	6,638	5,428	6,638	5,428	0	0	6,638	5,428
Total Submission 2006		7,138	5,628	135	0	3,812	2,815	6,638	5,428	10,585	8,243	650	450	11,235	8,693

*Category Index: (1) Health & Safety; (2) Legislated, (3) State of Good Repair, (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								
Wychwood Car Barns Remediation 2005		100	100				100	100
Canstage- Capital Maintenance 2005-2012		25	25	21	21		46	46
John Street Roundhouse - Capital Maintenance		54	54	(9)	(9)		45	45
Conservation and Collections Facilities		33	33	(18)	(18)		15	15
Scarborough Village Theatre 2004-2005		54	54				54	54
Montgomery's Inn - HVAC System Installation		48	48				48	48
Culture Collections Centre- Waterfront				90	90		90	90
Outdoor Public Art Maintenance				26	26		26	26
Don Valley Brickworks (2005)				60	60		60	60
Preventive Maintenance				150	150		150	150
Guild Revitalization				300	0		300	0
Public Art (King City underpass)				15	15		15	15
Public Art (2005)				20	20		20	20
Outdoor Public Art Maintenance				15	15		15	15
Sub Total		314	314	670	370		984	684
2004 Carryforwards								
Don Valley Brick Works		135	0	238	0		373	0
Sub Total		135	0	238	0		373	0
2006 Previously Approved Commitments								
The Guild Inn Revitalization 2005	4	647	0	0	0		647	0
Franklin Carmichael Art Centre	4	50	50	(50)	(50)	deferred to meet corporate affordability guideline	0	0
Public Art Development	5	300	150	(150)	(150)	deferred to meet corporate affordability guideline	150	0
Culture Facility Accessibility	2	72	72	(72)	(72)	deferred to meet corporate affordability guideline	0	0
Front of House	3	100	100	(50)	(50)	deferred to meet corporate affordability guideline	50	50
Cedar Ridge Creative Arts Centre Restoration	3	50	50	(50)	(50)	deferred to meet corporate affordability guideline	0	0
Spadina Restoration	3	50	50	0	0		50	50
Casa Loma Structural Restoration 2003-2012	1	160	160	0	0		160	160
Casa Loma Exterior Restoration 2005	1	1,500	1,500	(760)	(760)	deferred to meet corporate affordability guideline	740	740
Cedar Ridge Creative Arts Centre Restoration	3	83	83	(33)	(33)	deferred to meet corporate affordability guideline	50	50
Preventive Maintenance	3	50	50	0	0		50	50
Outdoor Public Art Maintenance	3	50	50	0	0		50	50
Windfields Estate Restoration	3	50	50	(50)	(50)	deferred to meet corporate affordability guideline	0	0
Fort York Restoration	3	250	250	0	0		250	250
Colborne Lodge Restoration	3	50	50	0	0		50	50
Cultural Collection Centre Waterfront	5	300	100	(100)	(100)	deferred to meet corporate affordability guideline	200	0
Alumnae Theatre	3	50	50	(50)	(50)	deferred to meet corporate affordability guideline	0	0
Sub Total		3,812	2,815	(1,365)	(1,365)		2,447	1,450

Proposed 2006 Capital Budget Changes (Continued)
(\$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
The Guild Revitalization 2006	4	2,000	2,000	(1,300)	(1,300)	deferred to meet corporate affordability guideline	700	700
Canada Malting Silos	3	50	0	0	0		50	0
Public Art Development	5	60	0	0	0		60	0
Fort York - Adding New Buildings	4	50	50	(50)	(50)	deferred to meet corporate affordability guideline	0	0
Princes' Gates Design	4	850	300	0	0		850	300
Spadina Restoration	3	25	0	0	0		25	0
Morrish Store	3	150	150	(75)	(75)	deferred to meet corporate affordability guideline	75	75
Preventive Maintenance	3	300	300	0	0	deferred to meet corporate affordability guideline	300	300
Cedar Ridge Creative Arts Centre Restoration	3	30	5	(30)	(5)	Doesn't meet Capital definition	0	0
Don Valley Brickworks (Change in Scope)	1	200	200	0	0		200	200
Todmorden Mills Museum & Arts Centre	4	350	350	(100)	(100)	deferred to meet corporate affordability guideline	250	250
Outdoor Public Art Maintenance	3	250	250	(50)	(50)	deferred to meet corporate affordability guideline	200	200
Windfields Estate Restoration	3	150	125	(75)	(75)	deferred to meet corporate affordability guideline	75	50
Fort York Restoration	3	300	275	0	0		300	275
Colborne Lodge Restoration (Change in Scope)	3	150	150	(75)	(75)	deferred to meet corporate affordability guideline	75	75
Conservation & Collection Facility	3	400	350	(200)	(175)	deferred to meet corporate affordability guideline	200	175
Lorraine Kimsa Theatre for young People	3	250	250	(250)	(250)	deferred to meet corporate affordability guideline	0	0
John Street Roundhouse- Capital Maintenance	3	400	0	0	0		400	0
Canstage-Capital Maintenance	1	250	250	(100)	(100)	deferred to meet corporate affordability guideline	150	150
St Lawrence Centre Capital Maintenance	3	363	363	(182)	(182)	deferred to meet corporate affordability guideline	182	182
Legislated Mechanical & Electrical	2	60	60	0	0		60	60
Sub Total New Projects		6,638	5,428	(2,487)	(2,437)		4,152	2,992
Total 2006 Proposed (Incl. 2005 C/Fwd)		10,899	8,557	(2,944)	(3,432)		7,956	5,126
Less 2005 Carry Forwards		(314)	(314)	(670)	(370)		(984)	(684)
Total 2006 Proposed (Excl. 2005 C/Fwd)		10,585	8,243	(3,614)	(3,802)		6,972	4,442

**2006 Proposed Total 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	373	2,447		2,820	2,820	984	3,804	760					4,564
Change in Scope			300	300			300						300
New			755	755	4,152		755						755
New w/Future Year			3,097	3,097			3,097	956					4,053
Total Expenditure	373	2,447	4,152	6,972	6,972	984	7,956	1,716	0	0	0	0	9,672
Financing													
Debt	0	1,450	2,992	4,442	4,442	684	5,126	1,391					6,517
Subsidy (SCPI)				0									0
Prov. Subsidy/Grant				0									0
Development Charges				0									0
Other	373	572	630	1,575	2,530	100	1,675						1,675
Federal Grants		425		425			425						425
Reserves/Res Funds			530	530		200	730	325					1,055
Total Financing	373	2,447	4,152	6,972	6,972	984	7,956	1,716	0	0	0	0	9,672

Comments / Issues:

- The 2006 Proposed Capital Budget is \$7.956 million gross, including \$2.820 million in funding for previously approved commitments, \$4.152 million for new/change in scope projects and \$0.984 million for projects carried forward from 2005 to 2006.
- Approval of the 2006 Proposed Capital Budget will result in a commitment of \$1.716 million in 2007 which will encumber the following year's spending. The 2007 commitment includes: \$0.760 million for Casa Loma Restructuring, \$0.200 million for Restoration/Preservation of Heritage Elements, \$0.181 million for the St Lawrence Centre, \$0.300 for the John St. Roundhouse, \$0.075 million for Canstage-Capital Maintenance, and \$0.200 million for Conservation & Collection Facilities.

Operating Budget Impact

Incremental Operating Budget Summary

Incremental Operating Budget Impact	2006	2007	2008	2009	2010
Program Costs (net) (\$000s)	15.0				
Debt Service Charges (\$000s)	73.3	310.5	153.0		
Approved Positions					

Program Incremental Operating Costs

The proposed 2006 Capital Budget will increase Culture’s 2006 Operating Base Budget with incremental impacts in 2006 as a result of the following capital sub-project.

2006 Capital Projects/Sub-Projects	2006 (\$000s)	2006 approved position change	2007 (\$000s)
Rest./Pres. Colborne Lodge Restoration, 2005	15.0		
TOTAL	15.0	0	0

Moving costs have been included in Culture’s 2006 Operating Budget Request to relocate the Carriages that are currently housed in the Coach House of Colborne Lodge as part of the major capital restoration this year. The Coach House has an on-going dampness problem and the site was closed for mould removal during 2005. This renovation will assist in preventing this problem from reoccurring.

Debt Service Cost

The 2006 Proposed Capital Budget will result in new debt service costs of \$0.073 million in 2006 and the incremental costs of \$0.310 million in 2007 and \$0.153 million in 2008.

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 target for Culture was set at \$4.442 million, of which \$2.820 million or 63% of the debt funding was allocated for previously approved commitments. The 2006 proposed cash flow, excluding funding being carried forward from 2005 to 2006, is \$6.422 million gross, \$4.442 million debt and meets the 2006 debt target.

5 Year Capital Plan Overview

The Culture capital program consists of four main components, State of Good Repair, Casa Loma restoration, Guild Inn revitalization, and the Prince's Gates project.

The core program includes about 30 projects that address the State of Good Repair requirements for the 62 heritage and cultural facilities under the stewardship of Culture (comprising more than 100 buildings). These projects at sites such as Fort York; Spadina Museum; the St. Lawrence Centre for the Arts; and Todmorden Mills have an average budget of approximately \$0.200 million each. Since 2000, the restoration of Casa Loma has been included in the Culture program as a major corporate priority.

- State of Good Repair projects represent 51% of the 2006 Proposed Capital Budget and increase to 59% in 2010. The Program's debt target is sufficient to fund the 2006 SOGR requirement, however, not all SOGR audits have been completed to date and future assessments could increase the backlog significantly. Funding of State of Good Repair of the facilities that form the core Culture portfolio is the priority within the Proposed 5-Year Capital Plan.
- New for 2006, is the inclusion of the full scope of the Guild Inn revitalization project. The Guild Inn Revitalization was included in Culture's 2006 Capital Submission with \$2.0 million funding requested for the City's contribution to a Council approved partnership with a private sector partner for the rebuilding and operation of the Guild Inn. As part of this development, the City will be required to invest \$7.5 million in the cultural infrastructure on the site. The private sector partner has stated that its investment in the property of more than \$40 million is contingent on the City investing in the infrastructure on the Guild site. The agreement between the City and the proponent has not yet been signed. Once this occurs, the final terms and timing of the agreement and the obligation to the City will become clear.

When the rebuilt hotel is in operation, it will generate about \$0.750 million in new property tax revenue to the City. The Guild is situated in the middle of a park and without this project the site will not produce any property tax revenue. The City's capital investment of \$7.5 million over 3 years is equal to the projected tax revenue of the first ten years of the 65 year lease.

The proposed funding for 2006 is \$0.700 million representing 35% of the 2006 funding request of \$2.0 million. Once the final terms and timing of the implementation of the agreement and the obligation from the City is finalized by Council then firm funding requirements can be established. \$0.700 million is included in the 2006 Proposed Capital Budget and \$0.300 million is projected for 2007, however the balance, \$5.375 million is not included in the Revised 5-Year Capital Plan, since it would utilize a significant portion of the debt affordability target used to fund essential SOGR projects. The funding shortfall, currently \$5.375 million, was included in the report to Council that identified the scope and conditions of the agreement with the private sector partner.

- The Casa Loma Restoration projects will be entering phase 4 of a multi-year project started in 2003.

The 2006 Proposed Capital Budget includes 2006 cash flow of \$0.900 million, a reduction from the \$1.660 million previously committed in the 2005 Council Approved Budget. This project is progressing well and after the current construction, the exterior restoration of the building will be 60% complete. The Revised 5-Year Capital Plan includes \$3.860 million gross, \$1.560 million debt for 2007, \$1.000 million gross, \$0.700 million debt for 2008, \$2.300 million gross, \$1.000 million debt for 2009, \$1.000 million gross, \$0.200 million debt for 2010. The 2006-2015 (10 years) funding requirements are \$13.060 million gross, \$4.360 million debt. It is proposed that \$0.900 million gross, funded by debt be approved in 2006 for Casa Loma with a 2007 commitment of \$0.760 million. The Casa Loma Capital Maintenance Reserve Fund provides the non-debt funding for this project.

- The Princes' Gates Area Revitalization Project is a Toronto/Milan initiative that is part of the City's International Alliance Program.

The Princes' Gates location was selected as one that would represent a symbol of the twinning of the two cities. The concept was to formalize the relationship between Toronto and Milan by initiating a design competition that would bring together designers from both cities to propose enhancements to the commemorative open space in front of the Princes' Gates at Exhibition Place. The location is one of the key focal points of the Waterfront Revitalization Program. Nearly 5.2 million tourists visit the location on an annual basis.

The \$1.950 million inter-program project involves 3 participating programs: Culture, Transportation and Exhibition Place. Their 2006 proposed Capital funding for related projects are as follows:

- Culture: \$0.850 million gross, comprised of \$0.300 million debt and \$0.550 million from fund raising, for competition/design costs and construction of the piazza;
- Transportation: \$0.700 million gross, funded from debt, for road realignment at Lakeshore Boulevard and Strachan Avenue; and
- Exhibition Place: \$0.400 million gross, funded from debt, for landscaping the vicinity of Princes' Gates.

Culture was requested to include the Princes' Gates Area Revitalization Project for consideration as part of its 2006 Capital Budget submission with the donations forming part of the funding for the project. Culture's component of the Princes' Gates project, \$0.85 million gross, \$0.300 million net requires a major fund raising component of \$0.550 million from the private sector. It is proposed that \$0.850 million gross and \$0.300 million debt funding be approved conditional on securing \$0.550 million from fund raising.

5-Year Plan Proposed Changes (\$000)

		2006		2007		2008		2009		2010		TOTAL 2011-2015	
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
		1	2	3	4	5	6	7	8	9	10	11	12
PROGRAM REQUEST													
Restoration/Preservation of Heritage Elements		4,333	4,098	5,770	4,070	3,075	2,700	4,950	3,550	2,925	2,075	21,053	16,493
Major Maintenance		1,373	973	1,025	725	1,275	1,275	1,175	1,175	1,175	1,175	6,023	5,323
Service Enhancement		1,072	522	230	205	1,030	755	1,025	825	1,405	1,155	4,762	3,462
Collections Care		700	450	1,100	900	900	700	1,000	1,000	475	475	4,175	3,525
Cultural Infrastructure Development		3,107	2,200	3,600	3,450	2,475	2,075	800	450	300	150	10,282	8,325
Refurbishment and Rehabilitation		0	0	100	100	50	50	200	200	1,370	1,370	1,720	1,720
Sub-Total Program Request		10,585	8,243	11,825	9,450	8,805	7,555	9,150	7,200	7,650	6,400	48,015	38,848
PROPOSED CHANGES													
Restoration/Preservation of Heritage Elements		(1,060)	(1,273)	(451)	(1,126)	125	125	(1,000)	(1,025)	375	350	(2,011)	(2,949)
Major Maintenance		(581)	(581)	(419)	(419)	(1,000)	(1,000)	(550)	(550)	(680)	(680)	(3,230)	(3,230)
Service Enhancement		(172)	(172)	(180)	(180)	(675)	(475)	(800)	(600)	(1,300)	(1,100)	(3,127)	(2,527)
Collections Care		(300)	(275)	(250)	(325)	(200)	(230)	(300)	(600)	(300)	(300)	(1,350)	(1,730)
Cultural Infrastructure Development		(1,500)	(1,500)	(3,100)	(3,100)	(2,225)	(1,975)	(500)	(325)	0	0	(7,325)	(6,900)
Refurbishment and Rehabilitation		0	0	0	0	0	0	(100)	(100)	(670)	(670)	(770)	(770)
Sub-Total Proposed Changes		(3,613)	(3,801)	(4,400)	(5,150)	(3,975)	(3,555)	(3,250)	(3,200)	(2,575)	(2,400)	(17,813)	(18,106)
Proposed 5-Yr. Cash Flow													
Restoration/Preservation of Heritage Elements		3,273	2,825	5,319	2,944	3,200	2,825	3,950	2,525	3,300	2,425	19,042	13,544
Major Maintenance		792	392	606	306	275	275	625	625	495	495	2,793	2,093
Service Enhancement		900	350	50	25	355	280	225	225	105	55	1,635	935
Collections Care		400	175	850	575	700	470	700	400	175	175	2,825	1,795
Cultural Infrastructure Development		1,607	700	500	350	250	100	300	125	300	150	2,957	1,425
Refurbishment and Rehabilitation		0	0	100	100	50	50	100	100	700	700	950	950
Sub-Total 5-Yr Cash Flow		6,972	4,442	7,425	4,300	4,830	4,000	5,900	4,000	5,075	4,000	30,202	20,742
Debt Guideline			4,442		4,000		4,000		4,000		4,000		20,442
Variance To Debt Guideline			0		300		0		0		0		300

Capacity

Culture staff is focussing on increasing the spending rate. In 2005, Culture received funding for two additional capital coordinators. Culture has set a spending rate target of 90% after hiring is completed in the first quarter of 2006. The request for funding carried forward from the year of approval 1 year has decreased to \$0.984 million in 2006 from \$2.832 million for 2005.

Backlog of Projects – Unmet Needs

Not all SOGR audits have been completed to date and future assessments may increase the backlog significantly.

After amalgamation, one of the early capital projects of the newly-formed Culture Division was to contract a team of architects, engineers and quantity surveyors to complete culture facility audits for the most important properties on its inventory. These audits were completed in September 2001, and have been the basis for State of Good Repair capital planning. As a reference, however, these reports are limited, in that they are in a format that does not allow Cultural Assets staff to update information as projects are completed, or to re-assign priority as emergencies arise. In addition to this material, special conservation audits have been completed for some properties like Todmorden Mills, Casa Loma and the Guild Inn. The information contained in these reports is much more detailed, particularly as it applies to historic fabric, however the format is not consistent with either the 2001 audits, or with each other.

In the first quarter of 2006, Culture will hire a project coordinator, one of two approved in 2005, who will lead the project to prepare this state of good repair summary. The Culture Division's portfolio is of a size that permits the professional staff in the division to monitor and report on the State of Good Repair for facilities owned and operated by the City of Toronto. Cultural Assets staff members communicate regularly with tenants in the leased Culture properties in order to stay informed about State of Good Repair issues there. While State of Good Repair priorities continue to be addressed through the capital budget, it is important for the division to prepare a comprehensive state of good repair summary for all the Culture properties that is updateable and consistent.

Facility Priority Setting

Two major projects are identified in the 2011-2015 forecast, the Culture Collections Centre-Waterfront for \$20.00 million and New Buildings at Fort York for \$11.00 million.

The City requires a new purpose built facility to house its extensive heritage artifact collection. Current plans would include this facility as part of the Humanitas project that is in the phase 2 planning stage. A new collection facility will be required in the 2011-2015 timeframe even if the Humanitas project does not proceed.

The forecast also includes the addition of new buildings at Fort York. A report on these new buildings is planned to go to Council in the fall of 2005. The cost of implementing "Fort York: Adding New Buildings" is projected at \$10.955 gross and \$9.355 million debt. Funding for the project will be phased in the Culture Division Capital program as affordability guidelines allow.

Issues Referred to 2006 Capital Budget

None

Outstanding Issues from Prior Years

None

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

Appendix 2
Proposed 2006 Capital Budget
& Future Year Commitments

Appendix 3
Proposed 2006 Capital Projects
with Financing Details

Appendix 4
Reserve / Reserve Fund Review

Reserve / Reserve Fund Name		Project / SubProject Name and Number		Balance as of Aug 31	Proposed Withdrawals			
					2006	2007	2008	2009 & Beyond
XR4002	Public Art Reserve Fund	ACH000010-34	Public Art Development 2005	441	150			
XR4002		ACH000010-39	Public Art Development 2006	291			150	300
XR1019	Heritage Reserve fund	ACH000011-7	Fort York-Public Program Development	517		25		
XR1019		ACH000011-23	Gibson House Parking 2006				25	
XR1019		ACH000012-76	Fort York Restoration 2006		25	25	25	50
XR1019		ACH000012-75	Windfields Estate Restoration 2006		25	25	25	50
XR1019		ACH000012-69	Cedar Ridge Creative Arts Ctr. Restoration 2006		25	25	25	25
XR1019		ACH000012-61	Spadina Restoration 2006		25	25		25
XR1019		ACH000015-8	Conservation & Collections Facility 2006		50			
					150	125	100	150
XR3002	Guild Inn Reserve Fund	ACH000010-14		332	200			
XR1501	Casa Loma Capital Maintenance	ACH000012-71	Casa Loma Exterior Restoration 2006	753		1,600	300	6,100
XR1214	John St Roundhouse Land Acquisition RF-EDCT	ACH000016-44	John Street Roundhouse 2006	3,357	400	300		
XR1024	Etobicoke Public Art	ACH000010-39	Public Art Development 2006	128	30			
Total Reserve / Reserve Fund				5,818	930	2,025	550	6,550