

**Analyst Briefing Notes**  
**Economic Development and Parks Committee**  
**November 9, 2005**

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**PART I: CAPITAL PROGRAM****Executive Summary**

- The 2005 Approved Capital Budget of \$0.075 million, for the Design of the Canadian Walk of Fame, will be 100% spent by year-end 2005.
- The 2006-2015 Revised Tourism Capital Program totals \$1.465 million of which \$1.040 million is projected for the Program's 5-Year Capital Plan, with 2006 cash flow of \$0.300 million, \$0.500 million in 2007, \$0.080 million in 2008, \$0.080 million in 2009 and \$0.080 million in 2010. These projected cash flows are all for the "Walk of Fame" and project 50% City debt funding and 50% funding from the Canadian Walk of Fame organization.
- The 2006 Proposed Capital Budget requires new 2006 cash flow of \$0.300 million gross with debt funding of \$0.150 million. There are no previous commitments or carry forward funding for this Program.
- The debt requirement for the 2006 new sub-project is \$0.150 million, however, there were no debt targets established for Tourism in 2006 or for the 5-Year Capital Plan.
- The "Canadian Walk of Fame" is classified as a Service Improvement project, improving the visual identity of the Walk with the plan to become a significant tourist destination. The 2006 Proposed Capital Budget is based on preliminary estimates from a review of the concepts that are in the final stage of the Design Study.
- Approval of the Canadian Walk of Fame-funding is conditional on the receipt of \$0.150 million in third party financing during 2006 and if such financing is not received, the priority and funding will be reassessed by City Council relative to other City-financed priorities and needs.
- The 2007-2010 cash flow projections of \$0.500 million in 2007, \$0.040 million in 2008, \$0.040 million in 2009 and \$0.040 million in 2010 for Tourism 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

**Recommendations**

It is recommended that:

1. The 2006 Proposed Capital Budget for Tourism consisting of one new project with a total project cost of \$0.300 million and a 2006 cash flow of \$0.300 million be approved;
2. new debt service costs of \$0.009 million in 2006 and incremental costs of \$0.033 million in 2007 resulting from the approval of the 2006 Proposed Capital Budget, be approved for inclusion in the 2005 and future year operating budgets;
3. the revised cash flow projections of \$0.500 million in 2007, \$0.080 million in 2008, \$0.080 million in 2009 and \$0.080 million in 2010 for Tourism 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
4. the Canadian Walk of Fame-Phase 2 project be approved conditionally, subject to the receipt of \$0.150 million in third party financing during 2006 and if such financing is not received, the priority and funding be reassessed by City Council relative to other City-financed priorities and needs.

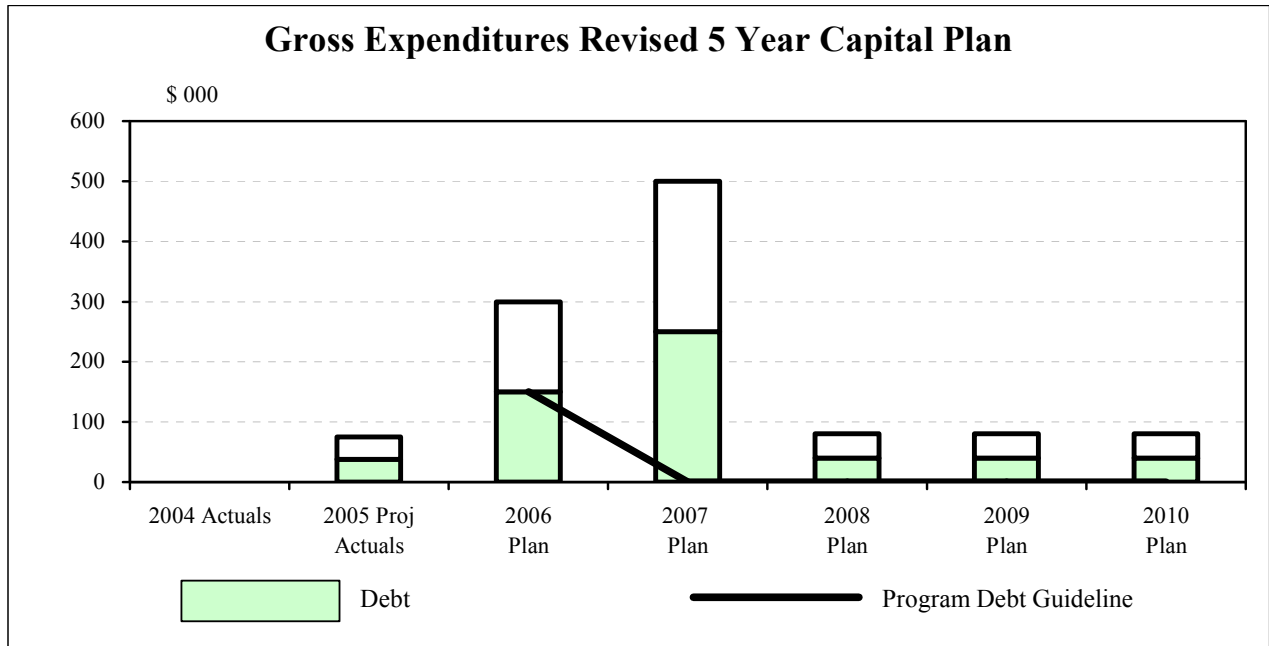
**2005 Capital Variance Review**

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
75	0	0	75	100	0

**Comments / Issues:**

The projected year-end spending rate is 100% as reported by the Program in its 3<sup>rd</sup> Quarter Variance report. It is anticipated that all payments will be processed by year-end.

5-Year Capital Plan (2006-2010)



	5 Year Plan							2006-2010
	2004	2005	2006	2007	2008	2009	2010	
<b>Gross Expenditures:</b>								
Budget (Excluding 1-Yr. Carry/Fwd)	0	75	300	500	80	80	80	1,040
1-Yr Carry/Fwd Gross (Reference only)	0	0	0					
<b>Sub-Total Gross Exp. Including 1-Yr. Carry/Fwd</b>	<b>0</b>	<b>75</b>	<b>300</b>	<b>500</b>	<b>80</b>	<b>80</b>	<b>80</b>	
Actuals	0	75						
<b>Financing:</b>								
Debt	0	38	150	250	40	40	40	520
Debt Actuals (including 1-Yr Carry/Fwd)	0	38						
<b>Program Debt Target</b>			<b>150</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150</b>
Other Financing Sources:								
Reserves/Reserve Funds								0
Development Charges								0
Federal								0
Provincial								0
Other Revenue		37	150	250	40	40	40	520
<b>By Category:</b>								
Health & Safety								0
Legislated								0
State of Good Repair								0
Service Improvement			300	500	80	80	80	1,040
Growth Related								0
Yearly SOGR Backlog Estimate (not addressed by current year projects)								
Accumulated Backlog Estimate (end of year)			N/A	N/A	N/A	N/A	N/A	

No 5-Year debt target was established for the Tourism Program.

**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
<b>Carryforwards</b>															
<b>Sub-Total</b>				0	0	0	0	0	0	0	0	0	0	0	0
<b>Previously Approved</b>															
<b>Sub Total</b>				0	0	0	0	0	0	0	0	0	0	0	0
<b>New and Change in Scope Projects</b>										0	0			0	0
Canada's Walk of Fame-Phase 2	4	300	150					300	150	300	150			300	150
<b>Sub Total</b>		300	150	0	0	0	0	300	150	300	150	0	0	300	150
<b>Total Submission 2006</b>		300	150	0	0	0	0	300	150	300	150	0	0	300	150

\*Category Index: (1) Health & Safety; (2) Legislated, (3) State of Good Repair, (4) Service Improvement/Enhancement, (5) Growth Related

- As the Proposed 2006 Capital Budget is the same as the 2006 Capital Budget Submission, the Proposed 2006 Capital Budget Changes table is not included.

**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
<b>Expenditures</b>													
Previously Approved													0
Change in Scope													0
New													0
New w/Future Year			300	300			300						300
<b>Total Expenditure</b>	<b>0</b>	<b>0</b>	<b>300</b>	<b>300</b>		<b>0</b>	<b>300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>300</b>
<b>Financing</b>													
Debt			150	150	0		150						150
Subsidy (SCPI)													0
Prov. Subsidy/Grant													0
Development Charges													0
Other			150	150			150						150
Federal Grants													0
Reserves/Res Funds													0
<b>Total Financing</b>	<b>0</b>	<b>0</b>	<b>300</b>	<b>300</b>		<b>0</b>	<b>300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>300</b>

- The 2006 Proposed Capital Budget requires new 2006 cash flow of \$0.300 million gross with debt funding of \$0.150 million. There are no previous commitments nor carry forward funding required for this project.

## Operating Budget Impact

### Incremental Operating Budget Summary

Incremental Operating Budget Impact	2006	2007	2008	2009	2010
Program Costs (net) (\$000s)					
Debt Service Charges (\$000s)	9.000	33.000			
Approved Positions					

#### Program Incremental Operating Costs

There are no operating impacts Tourism's 2006 and future years' Operating Budgets arising from completion of the Walk of Fame Project. Transportation maintains the sidewalk that the plaques are placed in and there is no increased maintenance resulting from this project.

#### Debt Service Cost

The 2006 Proposed Capital Budget will result in new debt service costs of \$0.009 million in 2006 and the incremental cost of \$0.033 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 target for Tourism was set at \$0.150 million for the Canadian Walk of Fame project. The 2006 proposed cash flow is \$0.300 million gross, \$0.150 debt, equal to the 2006 debt affordability target. The revised 5-Year Capital Plan projected debt requirements of \$0.250 million in 2007 and \$0.040 million per year in 2008, 2009 and 2010 for Tourism will be referred to the Deputy City Manager & Chief Financial Officer for review, in consultation with appropriate staff, and will 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.

**5-Year Capital Plan - Canadian's Walk of Fame Overview**

Tourism's 5-Year Capital Plan consists of only one project, "Canadian Walk of Fame Phase 2". It is a Service Improvement project with projected cash flows of \$0.300 million in 2006, \$0.500 million in 2007, \$0.080 million in 2008, \$0.080 million in 2009 and \$0.080 million in 2010, all 50% funded by City debt and 50% funded by the Canadian Walk of Fame organization.

City Council at its meeting on September 22 through 25, 2004 (Clause No. 4, Report No. 7 of EDPC) authorized an agreement between the City and Canadian Walk of Fame which provides the basis for this project. The reconstruction and capital development plan for Canadian Walk of Fame will create a strong visual identity and realize the Walk's potential to become a significant tourist destination.

Canadian Walk of Fame's Annual Awards ceremony and nomination process generates a high degree of international interest from the media and general public. In contrast, the physical site currently consists of a loose collection of non-contiguous red granite stars that are installed in the sidewalk on Simcoe Street south of King and along King Street West between Simcoe and John Streets in a variety of surrounds (including standard concrete pavers in some cases and black granite surrounds in others, with different boulevard treatments and widths of application). Information about the Walk of Fame and the site is only available on the website. People visiting the site because of the interest generated by the Awards or the website are usually not impressed, a fact frequently commented on in the media.

The 2005 Capital program provided for a Design Competition funded on a 50%/50% basis by the City and Canadian Walk of Fame. The competition will result in a new design for Canadian Walk of Fame that will create an attractive, entertaining, and informative destination that invites people to explore and learn about Canada's heroes.

Accomplishments include:

- Canadian Walk of Fame has completed its fundraising to secure its \$37,500 share of the costs of the competition,
- a Two-Stage Design Competition has been initiated, and
- thirteen submissions have been received for the First Stage of the Competition - "Expressions of Interest".

The Expressions of Interest remain to be judged and the up to three finalists selected to compete in the Detailed Design Stage. The competition schedule will result in a final selection of the winner in November 2005.

During consideration of the 2005 Capital Budget it was agreed that future years' cash flow requirements would be developed after the design study was completed. The ongoing cost of supporting and promoting the Walk of Fame is the responsibility of the Canadian Walk of Fame organization and the relationship with City programs are articulated in the agreement with the City. Since the design study was not completed prior to the submission of the 2006 Capital Budget the Proposed Budget consists of estimates based on scanning the range of concepts submitted in Stage One, an estimate of probable fundraising to be generated in 2006, and an estimate of reconstruction phasing. Although the progress of the design competition has been somewhat delayed by Canadian Walk of Fame due to other priorities, completion is anticipated by year end. Expenses for the competition will be incurred between September and December 2005. Canadian Walk of Fame has secured its \$37,500 share of these costs.

No 5-Year debt targets were established for the Tourism Program. The revised 5-Year Capital Plan projected debt requirements of \$0.250 million in 2007 and \$0.040 million per year in 2008, 2009 and 2010 for Tourism 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.

### **Backlog of Projects**

Tourism's only capital project has been the Canadian Walk of Fame. The sidewalk plaques become part of the maintenance responsibilities of Transportation and the ongoing promotion and development is the responsibility of the Canadian Walk of Fame organization.

### **Issues Referred to 2006 Capital Budget**

There are no issues referred to 2006 Capital Budget.

### **Outstanding Issues from Prior Years**

There are no outstanding issues from prior years.

**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**