

City of Toronto

2006 – 2010 Recommended Capital Budget and Preliminary Plan

December 8, 2005



Agenda

1. Council Process and Targets
2. 2006 - 2010 Recommended Capital Budget
& Preliminary Plan
3. Summary

Overview

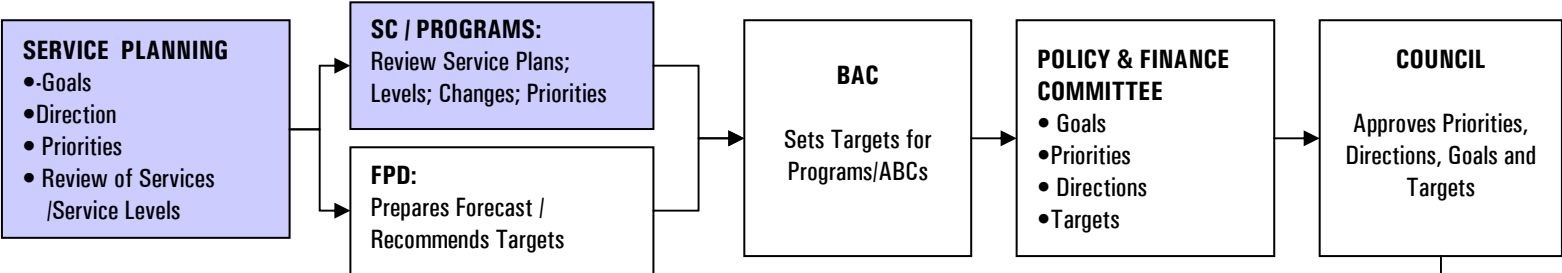
- **New Budget Process approved by Council in May, 2005:**
 - provides Council Direction up-front
 - ensures approval of Capital Budget by December
- **Staff have met the 2006 Target**
- **Approval of Water Budgets and Water Rate by December 2005**
- **Staff to finalize 2006 – 2010 Capital Plan for submission to Council by June 2006**

CITY OF TORONTO

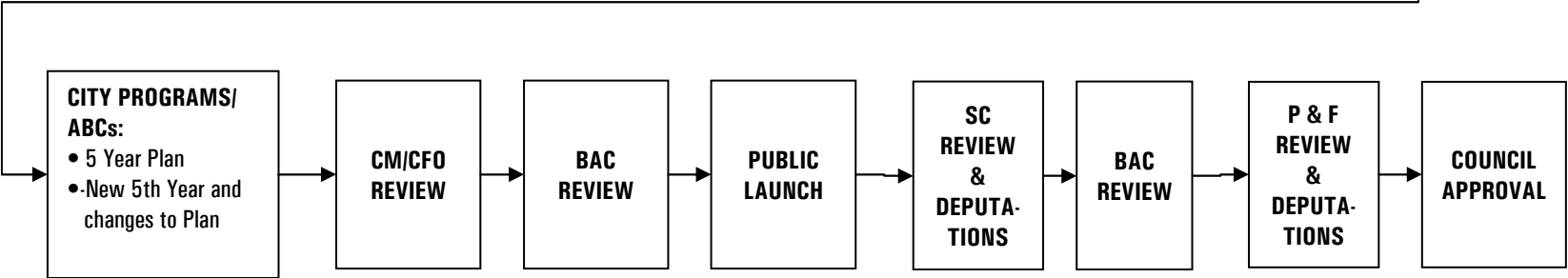
Council Process and Targets

City of Toronto - 2006 Capital Budget Process

SERVICE PLANNING



CAPITAL BUDGET



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City of Toronto Capital Budget Process - 2006 Changes

- Upfront Approval of Priorities, Directions and Targets
- Approval of Five Year Capital Plan
- Approval of Water Budgets and Rate in December 2005
- Early Involvement of BAC in the development and review of the 2006 – 2010 Capital Budget and Plan

2006 – 2010 Council Approved Capital Budget and Plan - Direction & Guidelines

- Affordable new debt targets of \$350 million in each of 2006 and 2007, \$336 million in 2008 and \$285 in each of 2009 and 2010
- 2006 target for Capital from Current (CFC) financing of \$124 million.
- Allocate available funds based on the following priorities:
 - previously approved projects already in progress or within six months of being started, then to
 - new Health and Safety, Legislated, and State of Good Repair projects
- Consider new Service Improvement and Growth related projects only if they satisfy Council's highest priorities and minimize debt financing

2006 - 2010 Tax Supported Capital Plan - Debt / CFC Targets (\$Millions)

Source of Financing	YEAR					
	2005	2006	2007	2008	2009	2010
Baseline Debt (Retire / Reissue)	135	135	135	135	135	135
New Debt:						
TTC	237	200	200	186	135	135
City	155	150	150	150	150	150
New (Affordable) Debt	392	350	350	336	285	285
Total Debt	527	485	485	471	420	420
Capital from Current (CFC)	124	124	124	124	124	124
Total Debt/CFC	651	609	609	595	544	544

2006 - 2010 Tax Supported Capital Program - Debt / CFC Target Allocation (\$Millions)

Programs / ABCs	Debt/CFC Target					
	2006	2007	2008	2009	2010	Total 5 Year
City Operations	326	330	317	289	283	1,545
Special Purpose Bodies	57	50	51	54	48	260
Other	1	3	18	46	61	129
Tax Supported Program Before Transit & TPA	384	383	386	389	392	1,934
Toronto Transit Commission	200	200	186	135	135	856
GO Transit	22	23	20	18	15	98
Toronto Port Authority	3	3	3	2	2	13
Total - Transit & TPA	225	226	209	155	152	967
Total - Tax Supported Program	609	609	595	544	544	2,901

2006 – 2010 Capital Budget and Plan

- Submission Summary

- Submissions from Agencies, Boards, Commissions and Divisions **exceeded** the Approved Debt Targets by:
 - 2006 - \$316 million or 52%
 - 2007 - \$476 million or 78%
 - 2008 - \$431 million or 72%
 - 2009 - \$441 million or 81%
 - 2010 - \$550 million or 101%

Capital Review Guidelines

- City programs and ABC submissions were critically reviewed to ensure optimal allocation of available resources
- Review required that City Programs and ABCs:
 1. Justify budget request based on:
 - Needs analysis
 - Readiness to proceed
 - Ability to spend
 2. Defend each project based on cost-benefit, and risk assessment
 3. Confirm that partnerships / shared funding opportunities were fully explored to minimize debt burden

Capital Review Guidelines (Contd)

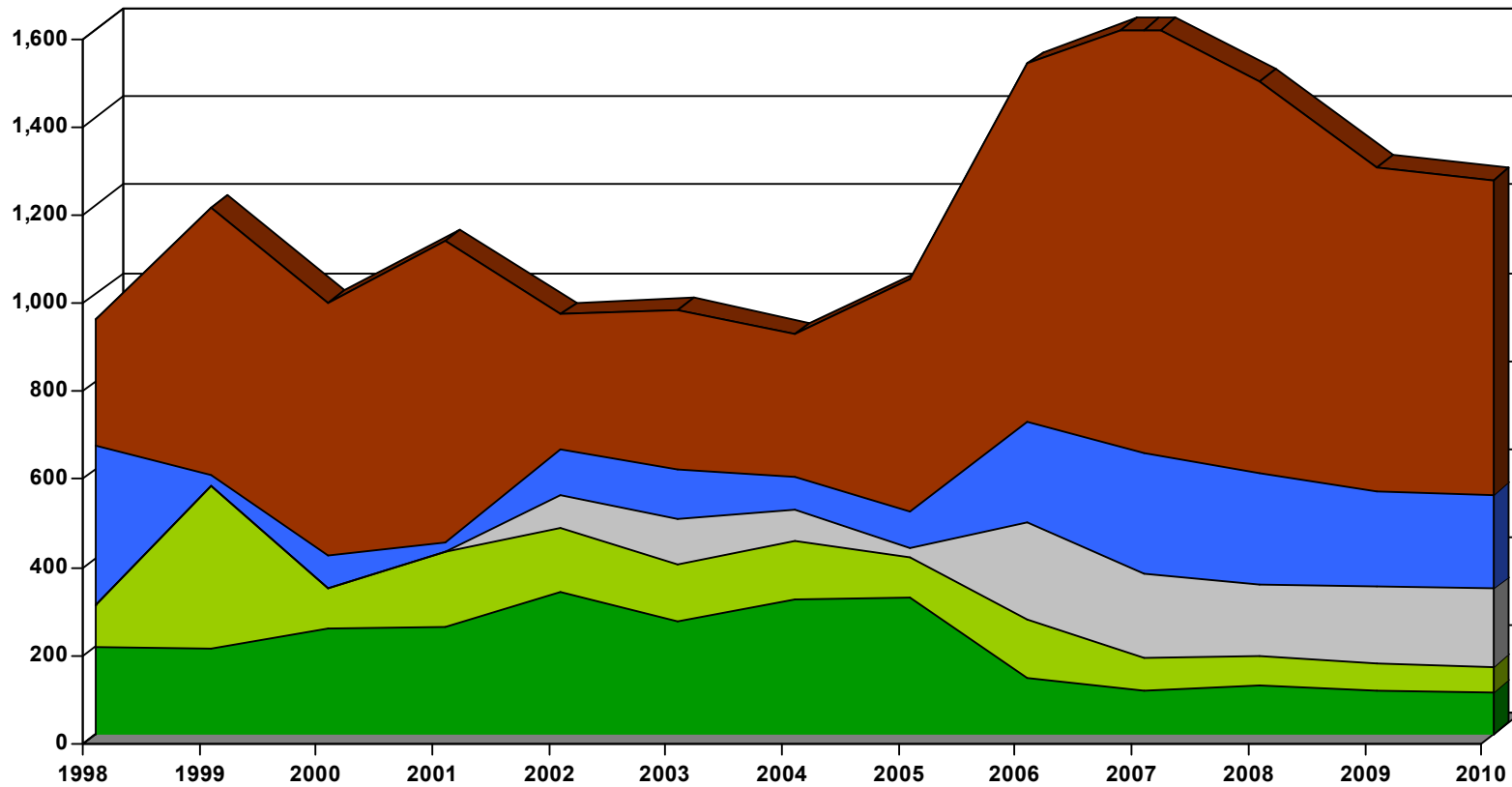
4. Confirm capacity and discuss issues / impediments to achieving capital plan
5. Discuss Impact on service delivery given operating guidelines
6. Confirm that Development Charge funding was maximized

2006 - 2010 P&F Committee Recommended Capital Budget and Preliminary Plan

Capital Budget and Forecast (Submission)

- Significant Growth in Debt Financing

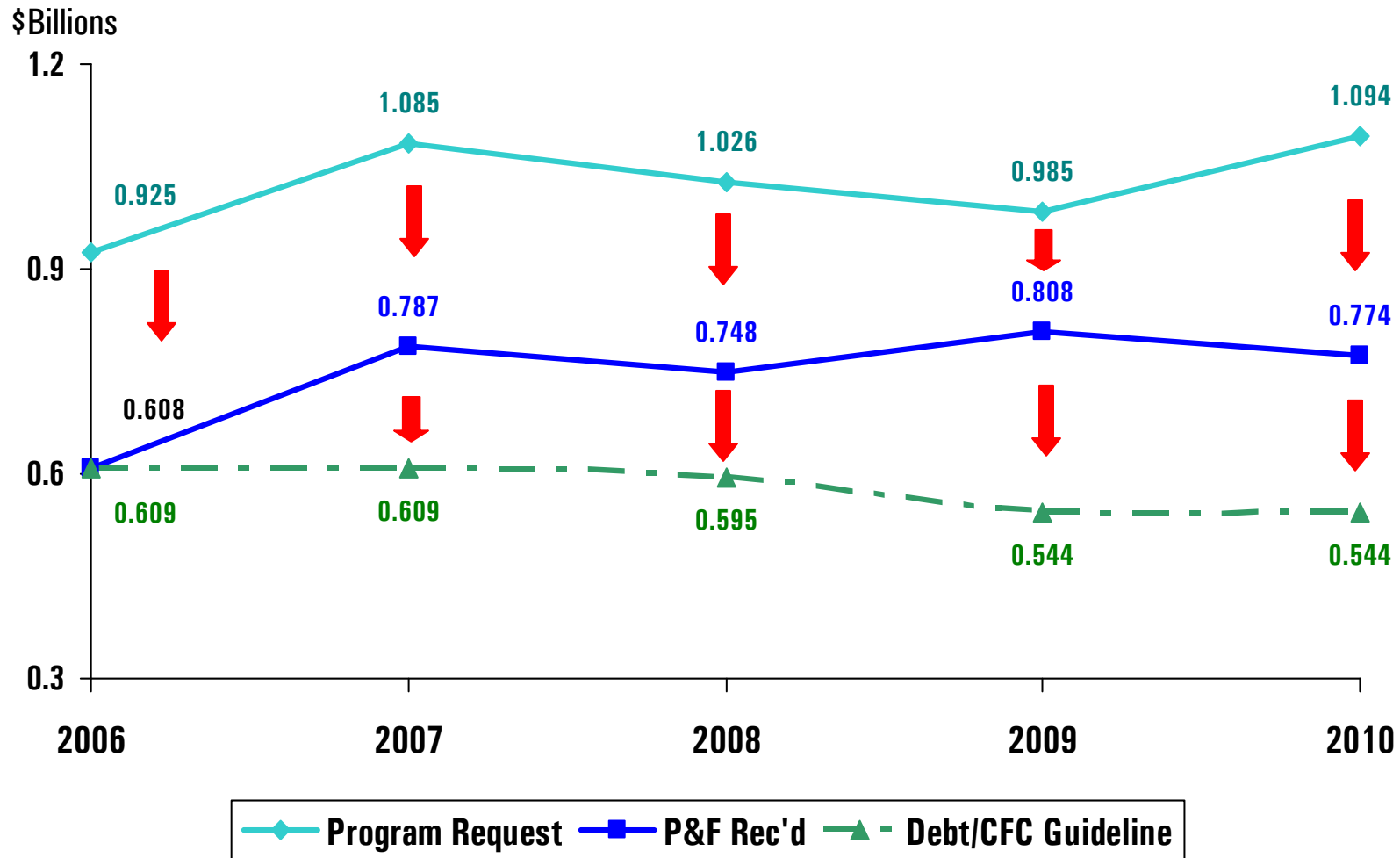
\$Millions



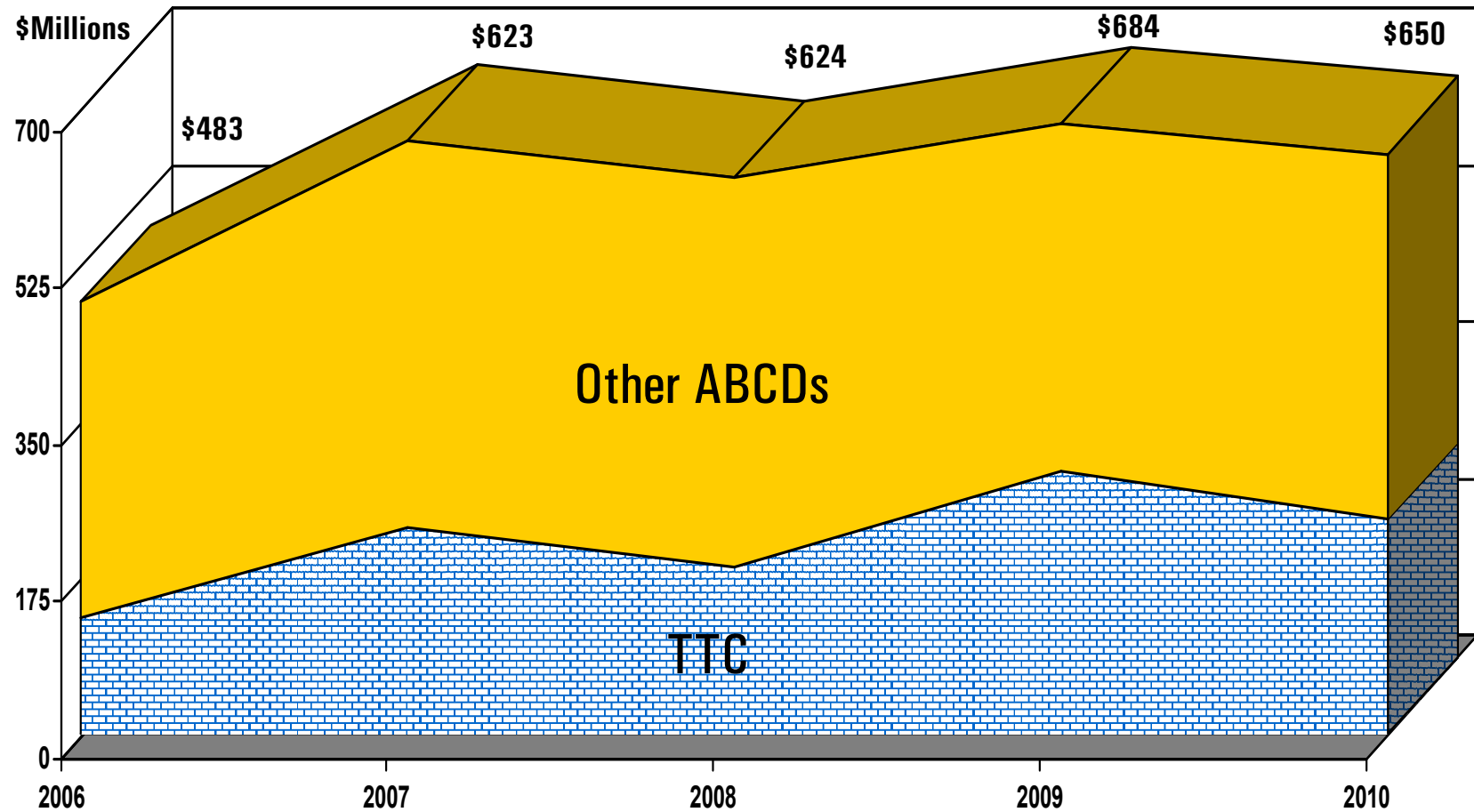
2006 – 2010 P&F Rec'd Tax Supported Capital Budget and Preliminary Plan - Request vs. P&F Rec'd Debt / CFC

Programs / ABCs	Debt / CFC										Total 2006 - 2010 Request	Total 2006 - 2010 Rec'd & Prelim.
	2006		2007		2008		2009		2010			
	Request	P&F Rec'd	Request	Preliminary	Request	Preliminary	Request	Preliminary	Request	Preliminary		
City Operations	488	375	592	467	592	469	524	426	481	454	2,677	2,191
Special Purpose Bodies	72	67	81	65	81	66	79	67	80	63	393	328
Tax Supported City Programs Before Transit & TPA	560	442	673	532	673	535	603	493	561	517	3,070	2,519
Toronto Transit Commission	340	143	386	232	330	189	361	295	516	240	1,933	1,099
GO Transit	22	20	23	20	20	20	18	18	15	15	98	93
Toronto Port Authority	3	3	3	3	3	3	2	2	2	2	13	13
Transit & TPA	365	166	412	255	353	212	381	315	533	257	2,044	1,205
Total - Tax Supported Program	925	608	1,085	787	1,026	747	984	808	1,094	774	5,114	3,724
Debt / CFC Target	609	609	609	609	595	595	544	544	544	544	2,901	2,901
Variance - Over (Under) Target	316	(1)	476	178	431	152	440	264	550	230	2,213	823

2006 -2010 P & F Rec'd Tax Supported Capital Budget and Preliminary Plan - Debt/CFC Request vs. P&F Rec'd vs. Targets



2006 – 2010 P&F Rec'd Tax Supported Capital Budget and Preliminary Plan – 1/3 Debt allocated to TTC



2006 P&F Rec'd Tax Supported Capital Budget

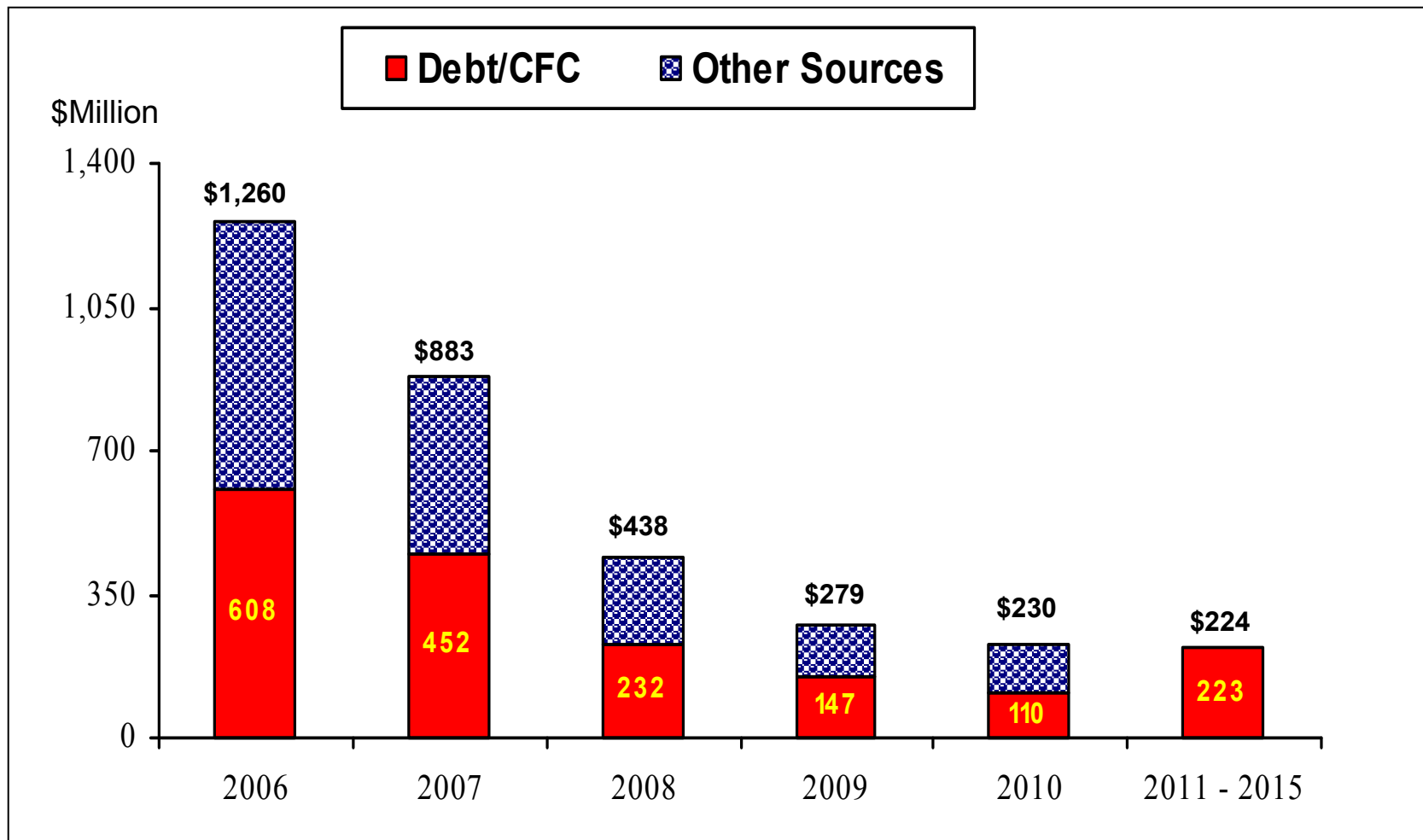
(excl. carry-forwards)

Programs / ABCs	\$Millions									
	2005 Council Approved Budget		2006 Capital Budget							
			Staff Proposed Budget		BAC Recommended		P&F Adjustments		P&F Recommended	
Gross	Debt/CFC	Gross	Debt/CFC	Gross	Debt/CFC	Gross	Debt/CFC	Gross	Debt/CFC	
City Operations	544	334	575	358	586	363	12	12	598	375
Special Purpose Bodies	81	58	84	65	85	67	0	0	85	67
Tax Supported Program Before Transit & TPA	625	392	659	423	671	430	12	12	683	442
GO Transit	19	19	20	20	20	20	0	0	20	20
Toronto Port Authority	3	3	3	3	3	3	0	0	3	3
Toronto Transit Commission	386	237	572	163	573	164	(20)	(21)	553	143
Total - Transit & TPA	408	259	595	186	596	187	(20)	(21)	576	166
Total - Tax Supported Program	1,033	651	1,254	609	1,267	617	(8)	(9)	1,259	608
Debt / CFC Target				609		609				609
Variance - Over (Under) Target		651		-		8				(1)

2006 P&F Rec'd Tax Supported Capital Budget - by Source of Financing (excl. carry-forward)

Programs / ABCs	Gross Exp.	\$Million Source of Financing						Debt/CFC Target	\$ Variance Over / (Under)	% Variance
		Prov. Grants & Subsidies	Federal Grants & Subsidies	Dev. Charges	Reserves/ Reserve Funds	Other Sources	Debt/CFC			
City Operations	599	5	4	37	119	59	375	327	48	15%
Special Purpose Bodies	86	1		1	15	2	67	57	10	18%
Tax Supported City Programs Before Transit & TPA	685	6	4	38	134	61	442	384	58	15%
Toronto Transit Commission	552	173	212	5	-	19	143	200	(57)	(29%)
GO Transit	20	-	-	-	-	-	20	22	(2)	(9%)
Toronto Port Authority	3	-	-	-	-	-	3	3	-	-
Transit & TPA	575	173	212	5	-	19	166	225	(59)	(26%)
Total - Tax Supported Program	1,260	179	216	43	134	80	608	609	(1)	(0%)

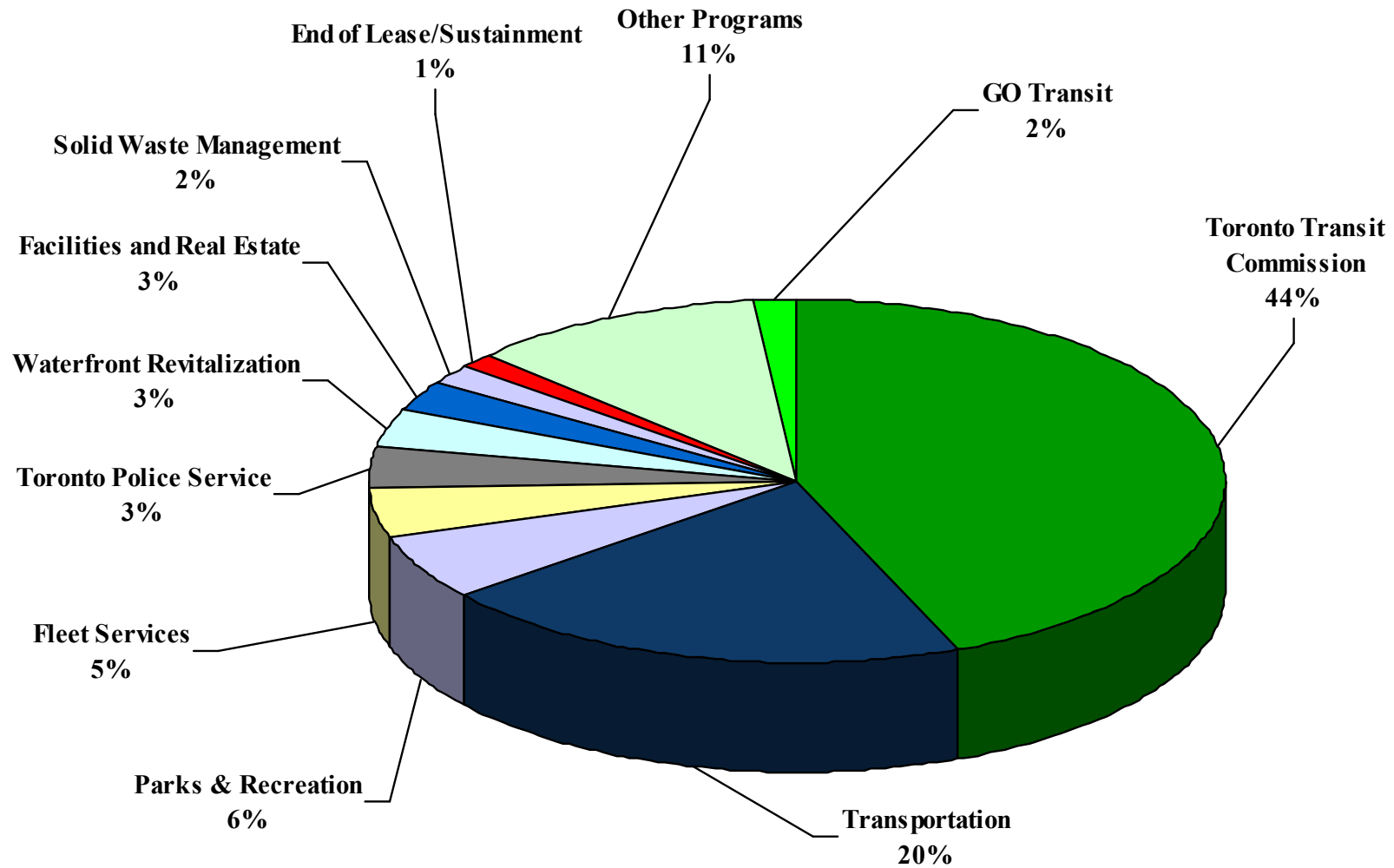
2006 P&F Rec'd Capital Budget and Future Year Commitments (excl. carry-forward)



Total 2006 – 2015: Gross Expenditures - \$3,314 Million, Debt / CFC - \$1,772 Million

2006 P&F Rec'd Tax Supported Capital Budget

– Gross Expenditures by Major Program (\$1.260 Billion – excl. carry-forward)



2006 - 2010 P&F Rec'd TTC Capital Budget and Prelim. Plan – (excl. 2005 carry-forwards) - by Category and Financing Source

\$Millions							
Expenditures	2006	2007	2008	2009	2010	TOTAL 2006-2010	Per Cent of Total
Legislated	19	19	20	33	36	127	3.9%
State of Good Repair	490	649	561	637	579	2,916	88.9%
Service Improvement and Enhancement	38	38	7	5	5	93	2.8%
Growth Related	6	10	43	45	40	144	4.4%
Total Gross Expenditures	553	716	631	720	660	3,280	100.0%
Funded By:							
Provincial	174	262	258	231	229	1,154	35.2%
Federal	212	200	162	176	173	923	28.1%
Other	24	22	21	18	17	102	3.1%
Debt	143	232	190	295	241	1,101	33.6%
Total Funding	553	716	631	720	660	3,280	100.0%

Major Initiatives / Projects (\$ Millions)

Toronto Transit Commission

- 150 hybrid buses and 80 diesel buses 153.0
- Down-payment on 232 subway cars 111.0

Transportation

- Backlog of road repairs - \$15M above last year 84.0
- Traffic controls 11.0
- Cycling paths 2.2

Solid Waste

- Additional Source Separate Organics processing facility (to process city-wide organics) 4.0

Police

- New training facility 2.1
- 23 Division 6.1

Energy Retrofit Programs 9.0

Major Initiatives / Projects (\$ Millions)

Parks, Forestry and Recreation

- | | |
|---|------|
| • Repairs & Upgrades for Arenas, Community Centres,
Tennis Courts and other facilities | 25.8 |
| • Environmental Initiatives | 1.25 |
| • Playground Enhancements | 1.20 |

Waterfront

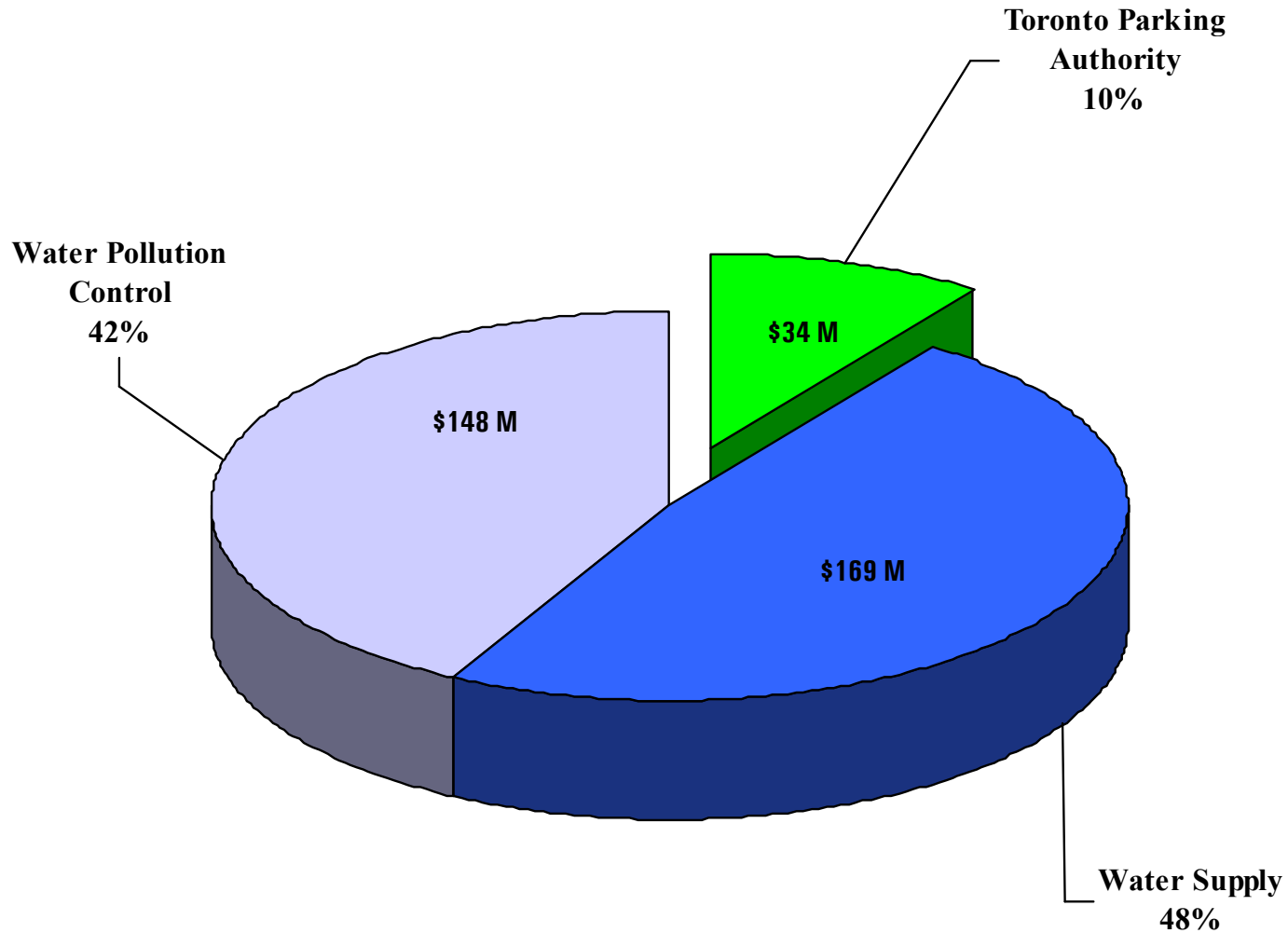
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| • West Donlands | 25.2 |
| • East Bayfront LRT | 4.5 |

Clean & Beautiful City

- | | |
|----------------------|-----|
| • Civic Improvements | 2.1 |
|----------------------|-----|

<u>3-1-1</u>	6.7
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2006 Proposed Rate Supported Capital Budget (\$351 Million)



Summary

Summary

- **The 2006 Recommended Capital Budget:**
 - recognizes the significant Federal and Provincial contribution for TTC
 - meets Council approved debt / CFC target
 - Focus on maintaining assets in a state of good repair
 - is responsive to priority growth demands
 - ensures effective delivery of approved services, and
 - is fiscally responsible – living within our means
- Continued gap between needs and affordability in future years
- 2006 Budget Process transitions toward a Firm Five Year Capital Plan
- Staff will continue to work on the 2007 – 2010 Capital Plan and will report to Council on a Firm Five Year Plan in the June of 2006