

Analyst Briefing Notes

Budget Committee Review

(October 29, 2007)

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Contacts: Alan Cohen, Manager, Financial Planning
Tel: (416) 392- 3740

Cherry Enriquez, Senior Financial Planning Analyst
Tel: (416) 397- 4296

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PART I: CAPITAL PROGRAM**Executive Summary**

- The 2007 Approved Capital Budget of \$9.704 million was 4% or \$0.407 million spent as at June 30, 2007. Year-end expenditures are projected to be \$3.267 million or 34% of the 2007 Approved Capital Budget. The projected under expenditure of \$6.437 million is primarily attributable to a reduction to the Health and Safety/Playground project of \$4.0 million as the Provincial share was not available in 2007 and \$1.950 million for a Best Start capital project for municipally operated child care centres that was cancelled due to the reduction of Best Start funding by the Province. The remaining under expenditure of \$0.487 million is for the design of the Child Care Centre B project (recently identified as the child care centre adjacent to Chester Le Junior Public) and construction is expected to commence in 2008.
- The 2008 Recommended Capital Budget; 2009 – 2012 Capital Plan, and 2013 to 2017 Estimates total \$62.463 million of which \$35.963 million is projected for the Program's 5-Year Capital Plan requiring new debt funding of \$9.350 million which is over the debt guideline by \$2.750 million. This is primarily due to two projects, the Blevins Child Care Retrofit of \$1.650 million (under the Regent Park Revitalization) and the Child Care Centre B increase in cost of \$1.2 million for community spaces to support the strategic priority to invest in the City's 13 priority neighbourhoods.
- The 5-Year Capital Plan requires a cash flow of \$8.963 million in 2008; \$9.1 million in 2009; \$6.8 million in 2010; \$5.8 million in 2011; and, \$5.3 million in 2012. It will provide funding for the completion of 4 new child care centres in under-served areas within the City; retrofit of the Blevins Child Care centre; address the state of good repair requirements of municipally owned child care centre facilities; and assist child care operators to address health and safety issues including playground retrofit to comply with licensing requirements under the Day Nurseries Act and the new Canadian Standards Association (CSA) standards.
- The 5-Year Capital Plan is 71% allocated to Health and Safety projects at \$25.0 million; 4% allocated to State of Good Repair projects at \$1.5 million; and 25% allocated to Service Improvement projects at \$8.976 million.
- The 2008 Recommended Capital Budget of \$8.963 million includes:
 - commitments for previously approved projects and new projects requiring 2008 cash flow of \$8.476 million gross with debt funding of \$2.850 million, which is over the debt guideline by \$1.250 million as a result of the Blevins Child Care retrofit and the additional community spaces in the Child Care Centre B project. This cash flow combined with carry forward funding of \$0.487 million for 2007 projects brings the total 2008 Recommended Capital Budget to \$8.963 million; and,

- future year commitments of \$3.3 million in 2009 and \$0.500 million in 2010 for three new / change in scope projects.
- The 2008 recommended cash flow of \$8.963 million is 56% allocated to ongoing health and safety repairs for child care and family resource centre playgrounds at \$5.0 million; 3% to state of good repairs of city-own facilities at \$0.3 million; and 41% allocated to four Service Improvement projects at \$3.663 million. The four service improvement projects are to complete the construction of the Thorncliffe Child Care Centre; to begin the design/construction of two new child care centres in under-served areas; and to commence the renovations to the Blevins Child Care Centre (under the Regent Park Revitalization) to accommodate children from the Regent Park Day Care Centre which will be demolished in March 2009.
- Children's Services does not have a State of Good Repair (SOGR) backlog at year-end 2007. The recommended annual funding of \$0.3 million to maintain each facility operated by Children's Services included in the 5 Year Capital Plan, will fully address annual SOGR requirements of the Program.
- The construction of new child care centres included in the 5-Year Capital Plan will have no operating budget impact as these centres will be operated by non-profit child care agencies and will be funded within the existing Purchased Child Care Services' budget.

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. the 2008 Recommended Capital Budget for Children's Services with a total project cost of \$10.150 million and a 2008 cash flow of \$8.963 million and future year commitments of \$3.8 million be approved. The 2008 Recommended Capital Budget consists of the following:
 - a) New Cash Flow Funding for:
 - i) five new/change in scope sub-projects with a 2008 total project cost of \$10.150 million that requires cash flow of \$7.35 million in 2008 and future year commitments of \$2.3 million in 2009 and \$0.5 million in 2010,
 - ii) two previously approved sub-projects with a 2008 cash flow of \$1.126 million and a future year commitment of \$1.0 million in 2009.
 - b) 2007 approved cash flow for one previously approved sub-project with carry forward funding from 2007 into 2008 totalling \$0.487 million.
2. new debt service costs of \$0.086 million in 2008 and incremental costs of \$0.353 million in 2009 and \$0.143 million in 2010 resulting from the approval of the 2008 Recommended Capital Budget be approved for inclusion in 2008 and future year operating budgets;
3. approval of \$4.0 million of the \$5.0 million gross expenditure for the Health and Safety / Playground project, corresponding to Provincial subsidies, be conditional on receiving this funding from the Province; and,
4. the 2009-2012 Capital Plan for Children's Services totaling \$27.0 million in project commitments and estimates, comprised of \$9.1 million in 2009; \$6.8 million in 2010; and \$5.8 million in 2011 and \$5.3 million in 2012, be approved.

2007 Capital Variance Review

| 2007 Budget to Actuals Comparison - Total Gross Expenditures (\$000s) | | | | | |
|-----------------------------------------------------------------------|---------------------------------------------|---------|-------------------------------|---------|------------|
| 2007 Approved | Actuals as of June 30 (2nd Qtr Variance) | | Projected Actuals at Year End | | Balance |
| \$ | \$ | % Spent | \$ | % Spent | \$ Unspent |
| 9,704 | 407 | 4 | 3,267 | 34 | 6,437 |

Comments / Issues:

Children's Services spent \$0.407 million or 4% of its 2007 approved cash flow of \$9.704 million during the six-month period ended June 30, 2007. The Program is projecting to spend \$3.267 million or 34% of its 2007 approved cash flow by year-end.

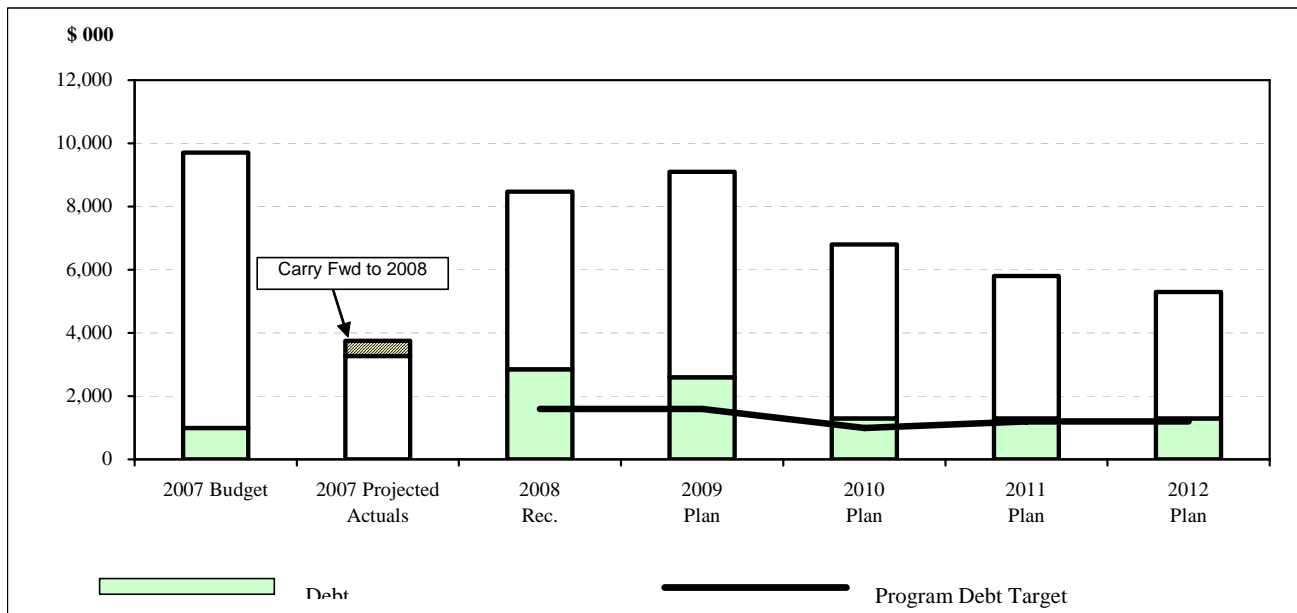
Of the \$6.437 million in total projected under expenditures at year-end, \$5.950 million is uncontrollable due to the following:

- \$4.0 million is attributable to the Provincial share (80%) of the Health and Safety/Playground project. Spending of the Provincial portion is contingent on the City receiving this funding and the Province has confirmed that this is not available in 2007. The budgeted \$1.0 million debt funded municipal share is anticipated to be fully spent by year-end.
- \$1.950 million for a Best Start capital project for municipally operated child care centres has been cancelled due to the reduction of Best Start funding by the Province. This project was to be funded from the Child Care Expansion Reserve Fund – Best Start (CCERF), however, with the reduction of Best Starting funding, the Program will be directing the CCERF towards the operating budget to maintain Best Start operating funding requirements.

Excluding the above projects, the Program's year-end projected spending rate will be 87% for controllable expenditures.

The remaining under expenditure of \$0.487 million will be carried forward to 2008. This is attributable to the New Child Care Centre project as the site for Child Care Centre B was just recently identified as the child care centre adjacent to the Chester Le Junior Public School and construction is expected to commence in 2008.

5-Year Capital Plan (2008-2012)



| | 2007 | | 5-Year Plan | | | | | |
|--------------------------------------------------------------|--------------|------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | Budget | Projected Actual | 2008 Rec | 2009 | 2010 | 2011 | 2012 | 2008-2012 |
| Gross Expenditures: | | | | | | | | |
| 2007 Capital Budget & Future Year Commitments | 9,704 | 3,267 | 1,626 | 500 | | | | 2,126 |
| Recommended Changes to Commitments | | | (500) | 500 | | | | 0 |
| 2008 New/Change in Scope and Future Year Commitments** | | | 7,350 | 2,300 | 500 | | | 10,150 |
| 2009 - 2012 Plan Estimates** | | | | 5,800 | 6,300 | 5,800 | 5,300 | 23,200 |
| 1-Year Carry Forward to 2008 | | 487 | | | | | | 0 |
| Total Gross Annual Expenditures & Plan | 9,704 | 3,754 | 8,476 | 9,100 | 6,800 | 5,800 | 5,300 | 35,476 |
| Program Debt Target | 1,000 | | 1,600 | 1,600 | 1,000 | 1,200 | 1,200 | 6,600 |
| Financing: | | | | | | | | |
| Recommended Debt | 1,000 | | 2,850 | 2,600 | 1,300 | 1,300 | 1,300 | 9,350 |
| Other Financing Sources: | | | | | | | | |
| Reserves/Reserve Funds | 1,867 | | 1,626 | 2,500 | 1,500 | 500 | | 6,126 |
| Development Charges | | | | | | | | 0 |
| Federal | | | | | | | | 0 |
| Provincial | 6837 | | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 20,000 |
| Other Revenue | | | | | | | | 0 |
| Total Financing | 9,704 | | 8,476 | 9,100 | 6,800 | 5,800 | 5,300 | 35,476 |
| By Category: | | | | | | | | |
| Health & Safety | 5,000 | | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 25,000 |
| Legislated | | | | | | | | 0 |
| SOGR | | | 300 | 300 | 300 | 300 | 300 | 1,500 |
| Service Improvement | 4,704 | | 3,176 | 3,800 | 1,500 | 500 | | 8,976 |
| Growth Related | | | | | | | | 0 |
| Total By Category | 9,704 | | 8,476 | 9,100 | 6,800 | 5,800 | 5,300 | 35,476 |
| Yearly SOGR Backlog Estimate (not addressed by current plan) | | | | | | | | 0 |
| Accumulated Backlog Estimate (end of year) | | | - | - | - | - | - | 0 |
| Operating Impact on Program Costs | | | | | | | | |
| Debt Service Costs | | | 86 | 353 | 143 | 0 | 0 | 581 |

* Note that the 1-Year Carry Forward reflects the latest estimate as used in the 2007 2nd Quarter Capital Variance Report.

5-Year Capital Plan Overview

Overview

The Children's Services' 5-Year Capital Plan supports the Program's objective to ensure child care services are accessible and equitably available by increasing the number of child care centres in under-served communities.

The Recommended 2008 Capital Budget and 2009 – 2012 Capital Plan of \$35.476 million requires new debt funding of \$9.350 million which is over the debt target by \$2.750 million. The 5-Year Capital Plan is comprised of one Health & Safety project, one state of good repair project and two service improvement projects that aim to improve and add facilities to support child care delivery.

- The Health & Safety/Playground Program (\$25.0 million or 71%) provides funding to address ongoing health and safety issues including playground retrofits in community child care programs. This funding ensures that critical health and safety issues and compliance with CSA is achieved. The 5-Year Capital Plan of \$25.0 million assumes 80% funding from the Province of \$20.0 million and 20% or \$5.0 million from City debt. Due to the uncertainty of provincial funding commitment for health and safety needs of existing child care centres, the Provincial share of expenditures must be conditional upon the receipt of Provincial funding of \$4.0 million for 2008 and \$4.0 million for each of the years 2009-2012.
- In order to address the state of good repair of City owned facilities, a Municipal Child Care (MCC) State Of Good Repair project funding of \$1.5 million or 4% has been recommended to maintain 20 municipally owned and operated day care centres. A Facilities and Real Estate (F&RE) Building Condition Assessment conducted in December 2006 recommended an annual funding of \$0.3 million to maintain City-owned day care centres in a state of good repair.
- The two recommended service improvement projects (\$8.976 million or 25%) are the New Child Care Centre project that includes four sub-projects, fully funded from the Child Care Capital Reserve Fund (CCCRF), and the Blevins Child Care Centre Retrofit project under the Regent Park Revitalization Initiative.
 - The New Child Care Centre Project (\$7.326 million) is a previously approved initiative to construct four new child care centres in areas of the City identified as being under-served with respect to licensed subsidized childcare.
 - Child Care Centre A, identified as Thorncliffe Park child care centre, commenced in 2007 and is expected to be completed in 2008;
 - Child Care Centres B and C are planned for 2008 – 2010. A report designating the child care centre adjacent to the Chester Le Junior Public School as Child Care Centre B and the child care centre adjacent to the St. Andrew Catholic School as Child Care Centre C will be submitted to the Community Development and Recreation Committee in November 2007; and,
 - Child Care Centre D is scheduled to commence in 2009 for completion in 2011.

- The Blevins Child Care Centre Retrofit project, at a cost of \$1.650 million, is a capital project under the Regent Park Revitalization Initiative. A child care centre is required to accommodate infants and toddlers from the Regent Park Day Care Centre that will be demolished by March 2009 as part of the Phase 2 of the Regent Park Revitalization Initiative. Please refer to the 2008 Capital Budget Issues section on page 14.

Multi-Year Debt Affordability Target

The 5-Year Capital Plan of \$35.476 million requiring debt funding of \$9.350 million is over the Council debt affordability target by \$2.750 million for the five-year period. On a year to year basis, Children's Services does not meet the debt targets as shown in the table below.

| | 2008 | 2009 | 2010 | 2011 | 2012 | TOTAL | |
|-------------------------------------------------------------------------|------------------------------|--------------|--------------|--------------|--------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Debt Target | 1,600 | 1,600 | 1,000 | 1,200 | 1,200 | 6,600 | |
| | | | | | | | |
| | 2008 - 2012 Recommended Debt | | | | | | |
| Projects | 2008 | 2009 | 2010 | 2011 | 2012 | TOTAL | Comment |
| Health & Safety Project | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 5,000 | No change |
| Municipal Child Care Center SOGR | 300 | 300 | 300 | 300 | 300 | 1,500 | Replaced the Dovercourt Renovation Project - postponed indefinitely. Annual funding requirement for SOGR based on the Facilities & Real Estate Building Condition Assessment. |
| <i>Increased Cost of Child Care Centre B (Chester Le Public School)</i> | <i>600</i> | <i>600</i> | | | | <i>1,200</i> | <i>Community spaces added to the Child Care Centre to support the strategic priority to invest in the City's 13 Priority Neighbourhood.</i> |
| <i>Blevins Child Care Centre Retrofit</i> | <i>950</i> | <i>700</i> | | | | <i>1,650</i> | <i>Child Care Centre retrofit required under the Regent Park Revitalization Initiative</i> |
| Total Recommended Debt | 2,850 | 2,600 | 1,300 | 1,300 | 1,300 | 9,350 | |
| | | | | | | | |
| Over the Debt Target | 1,250 | 1,000 | 300 | 100 | 100 | 2,750 | |

The 2008-2012 Capital Plan includes three new / change in scope projects that require additional debt funding. These projects are as follows:

- Municipal Child Care Centre SOGR requires annual funding of \$0.3 million to maintain 20 municipally owned and operated child care centres. To offset the required debt funding, the Program postponed indefinitely the Dovercourt Child Care Renovation Project of \$1.6 million (due to lack of debt funding affordability to complete the required renovations) and re-allocated the required debt funding for the SOGR project totalling \$1.5 million for the five-year period.
- Child Care Centre B has an increased cost of \$1.2 million to add community spaces to this child care centre as an initiative to advance the strategic priority to invest in the City's 13 Priority Neighbourhoods.
- The Blevins Child Care Centre Retrofit project, at a cost of \$1.650 million, is a capital project under the Regent Park Revitalization Initiative that is required to accommodate infants and toddlers from the Regent Park Day Care Centre that will be demolished by March 2009.

Recommended Changes to the 2007 – 2011 Capital Plan

The recommended changes to the 2007 – 2011 Capital Plan are as follows:

| Changes to the 2007 - 2011 Capital Plan Debt Affordability Targets | | | | | | | Comments: |
|-----------------------------------------------------------------------|----------------|----------------|--------------|--------------|--------------|----------------|-------------------------------------------------------------------------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | Total | |
| Dovercourt Child Care Centre | (600.0) | (600.0) | 0.0 | (200.0) | (200.0) | (1,600.0) | Postponed indefinitely due to affordability to complete the required renovation. |
| MCC SOGR | 300.0 | 300.0 | 300.0 | 300.0 | 300.0 | 1,500.0 | Based on the F&RE Building Condition Assessment. |
| Increased Cost of Child Care Centre B | 600.0 | 600.0 | | | | 1,200.0 | To add community spaces to the Child Care Centre in a priority neighbourhood. |
| Blevins Child Care Centre Retrofit | 950.0 | 700.0 | | | | 1,650.0 | Child Care Centre retrofit required under the Regent Park Revitalization Initiative |
| TOTAL | 1,250.0 | 1,000.0 | 300.0 | 100.0 | 100.0 | 2,750.0 | |

Program Capacity and Readiness to Proceed

Children's Services' difficulty in completing projects as planned is mainly due to the uncertainty of provincial cost sharing. The Health and Safety / Playground Project of \$5.0 million is funded on the basis of \$1.0 million of City debt and \$4.0 million or 80% from Provincial subsidies. Spending the Provincial portion is contingent on receiving this funding from the Province as well as receiving provincial confirmation in a timely manner. The City's portion of the Health & Safety / Playground (\$1.0 million per year) has consistently been fully spent to fund necessary health and safety projects in community child care programs.

New Child Care Centre projects have not proceeded as planned due to the difficulty of finding suitable sites for new child care centres as identified in the "Childcare Service Plan" approved by City Council. Sites for Child Care Centres B and C have been identified and a report from the General Manager of Children's Services will be submitted to Community Development and Recreation Committee in November 2007.

Backlog of Projects – Unmet Needs

This Program does not have an SOGR backlog at year-end 2007. Facilities and Real Estate (F&RE) conducted a Building Condition Assessment in December 2006 and based on this assessment recommended an annual funding of \$0.3 million to maintain each facility operated by Children's Services. Annual funding of \$0.3 million, included in the 5 Year Capital Plan, will fully address annual SOGR requirements of the Program.

Capital Project Highlights

Strategic Priorities:

Invest in the City's 13 Priority Neighbourhoods:

Children's Services' 5-Year Capital Plan supports the strategic priority to "invest in the City's 13 Priority Neighbourhoods". Included in the 2008 Recommended Capital Budget is the construction of Child Care Center B, identified as the child care centre adjacent to the Chester Le Junior Public School, for \$3.187 million. This includes funding of \$1.2 million to add community spaces to this child care centre to support the City's initiative to create new recreation facilities by investing \$13.0 million in the City's 13 Priority Neighbourhoods over a period of four years.

Regent Park Revitalization:

Under the Regent Park Revitalization initiative, Children's Services' 5-Year Capital Budget Submission included two projects, Blevins Child Care Centre Retrofit of \$1.650 million and the Nelson Mandela Public School (PS) Renovation of \$3.0 million, to be fully funded from debt. Only the Blevins Child Care Centre Retrofit project is included in Children's Services' 2008 Recommended Capital Budget as this project is required for the period 2008 – 2009. The Nelson Mandela PS Renovation project, scheduled for 2010-2011, will be considered at a future date with other community facility projects identified with this initiative.

Other City Initiatives:

The Program's 5-Year Capital Plan includes the following major capital initiatives:

Summary of Major Capital Initiatives

| | \$000s | | | | | | |
|--------------------------------------------------------|---------------------|--------------|--------------|--------------|--------------|---------------------|---------------------|
| | 2008 Rec. Budget | 2009 Plan | 2010 Plan | 2011 Plan | 2012 Plan | Total 2008 -2012 | Total 2013 -2017 |
| Facilities Projects: New and Expanded | | | | | | | |
| Thorncliffe Park | 626 | | | | | 626 | |
| Child Care Centre C | 500 | 1,000 | 500 | | | 2,000 | |
| ChildCare Center D | | 500 | 1,000 | 500 | | 2,000 | |
| IT sub-projects | | | N/A | | | | |
| Total | 1,126 | 1,500 | 1,500 | 500 | | 4,626 | |
| Invest in the City's 13 Priority Neighbourhoods | | | | | | | |
| Child Care Centre B (Chester Le Junior PS) | 1,587 | 1,600 | | | | 3,187 | |
| Regent Park Revitalization | | | | | | | |
| Blevins Child Care Centre Retrofit | 950 | 700 | | | | 1,650 | |
| Total | 2,537 | 2,300 | | | | 4,837 | |

Over the next 5 years, \$4.626 million will be allocated for the construction of three new child care centres that will address the need to provide access to quality childcare in under served areas with respect to licensed subsidized childcare. The Thorncliffe Park Child Care Centre project commenced in 2007 and is expected to be completed in 2008. The site for Child Care Centre C has been identified and is expected to commence in 2008. The Child Care Centre D project is scheduled for 2009 – 2011.

The construction of Child Care Centre B (Chester Le Junior Public School) for \$3.187 million with funding to add community spaces to this child care centre supports the City's initiative to invest in a

priority neighbourhood and the retrofit of the Blevins Child Care Centre at a cost of \$1.650 million, is a capital project under the Regent Park Revitalization Initiative.

Operating Budget Impact – 5-Year Plan Incremental Operating Impact Summary

| Incremental Operating Budget Impact | 2008 | 2009 | 2010 | 2011 | 2012 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-------|-------|-------|-------|
| 2008 Recommended Capital Budget | | | | | |
| Program Costs (net) (\$000s) | | | | | |
| Approved Positions | | | | | |
| Debt Service Charges (\$000s) | 85.5 | 352.5 | 143.0 | | |
| Recommended 2009 - 2012 Capital Plan | | | | | |
| Program Costs (net) (\$000s) | | | | | |
| Approved Positions | | | | | |
| Debt Service Charges (\$000s) | 0.0 | 39.0 | 182.0 | 182.0 | 182.0 |
| Total | | | | | |
| Program Costs (net) (\$000s) | | | | | |
| Approved Positions | | | | | |
| Debt Service Charges (\$000s) | 85.5 | 391.5 | 325.0 | 182.0 | 182.0 |
| <i>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.</i> | | | | | |

Program Operating Impacts

There are no program operating costs arising from the approval of the 2008 Recommended Capital Budget and 2009 – 2012 Capital Plan.

The construction of new child care centres included in the 5-Year Capital Plan will have no operating budget impact as these centres will be operated by non-profit child care agencies and will be funded within the current Purchased Child Care Services' budget.

Total 2008 Recommended Cash Flow & Future Year Commitments (\$000s)

| | 2006 & Prior Year Carry Forwards | 2008 Previously Approved Cash Flow Commitments | 2008 New Cash Flow Recommended | 2008 Total Cash Flow Recommended | 2008 Debt Target | 2007 Carry Forwards | Total 2008 Cash Flow (Incl 2007 C/Fwd) | 2009 | 2010 | 2011 | 2012 | 2013- 2017 | Total Cost |
|--------------------------|----------------------------------------|---------------------------------------------------------|--------------------------------------|----------------------------------------|---------------------|---------------------------|-------------------------------------------------|--------------|------------|----------|----------|---------------|---------------|
| Expenditures | | | | | | | | | | | | | |
| Previously Approved | | 1,126 | | 1,126 | | 487 | 1,613 | 1,000 | | | | | 2,613 |
| Change in Scope | | | 600 | 600 | | | 600 | 600 | | | | | 1,200 |
| New | | | 5,300 | 5,300 | | | 5,300 | | | | | | 5,300 |
| New w/Future Year | | | 1,450 | 1,450 | | | 1,450 | 1,700 | 500 | | | | 3,650 |
| Total Expenditure | 0 | 1,126 | 7,350 | 8,476 | | 487 | 8,963 | 3,300 | 500 | 0 | 0 | 0 | 12,763 |
| Financing | | | | | | | | | | | | | |
| Debt | | | 2,850 | 2,850 | 1,600 | | 2,850 | 1,300 | | | 0 | | 4,150 |
| Subsidy (SCPI) | | | | | | | | | | | | | |
| Prov. Subsidy/Grant | | | 4,000 | 4,000 | | | 4,000 | | | | | | 4,000 |
| Development Charges | | | | | | | | | | | | | |
| Other | | | | | | | | | | | 0 | | |
| Federal Grants | | | | | | | | | | | | | |
| Reserves/Res Funds | | 1,126 | 500 | 1,626 | | 487 | 2,113 | 2,000 | 500 | | | | 4,613 |
| Total Financing | 0 | 1,126 | 7,350 | 8,476 | | 487 | 8,963 | 3,300 | 500 | 0 | 0 | 0 | 12,763 |

Comments / Issues:

- The 2008 Recommended Capital Budget for Children's Services is \$8.963 million gross. This includes \$1.126 million in funding for previously approved project commitments; \$7.350 million for new / change in scope projects; and \$0.487 million in carry forward funding from 2007 to 2008.
- Approval of the 2008 Recommended Capital Budget will result in commitments of \$3.3 million in 2009 and \$0.5 million in 2010. Future year commitments are required for the Child Care Centre B and the Blevins Child Care Centre Retrofit projects, scheduled for completion in 2009 and the Child Care Centre C project, scheduled for completion in 2010.
- The 2008 Recommended Capital Budget requires new debt funding of \$4.150 million (Health and Safety project of \$1.0 million, Blevins Child Care Centre Retrofit of \$1.650 million, the cost of additional community spaces of \$1.2 for Child Care Centre B, and the MCC SOGR of \$0.3 million); Provincial subsidy for the Health and Safety project of \$4.0 million, and funding from the CCCRF of 4.613 million for the construction of Child Care Centres B and C.

2008 Recommended Capital Budget

2008 Recommended Capital Budget versus Debt Target

The 2008 Recommended Capital Budget of \$8.963 million requires new debt funding of \$2.850 million, \$1.250 million over the 2008 debt affordability guideline of \$1.6 million. This over target is primarily due to the following:

- The 2008 required cash flow of \$0.950 for the Blevins Child Care Centre Retrofit, a Regent Park Revitalization Initiative project;
- An increase in cost of \$0.6 million to the Child Care Centre B project for additional community space requirements to support the strategic priority to invest in the City's 13 Priority Neighbourhoods; and,
- Offset by a reduction in SOGR debt requirements from \$0.6 million to \$0.3 million due to the re-allocation of debt funding from the Dovercourt Renovation project (that is being deferred indefinitely) to the annual SOGR funding required to maintain the 20 municipally operated child care centres.

Recommended Capital Budget by Category

The 2008 Recommended Capital Budget of \$8.963 million is 56% allocated to ongoing health and safety repairs for child care and family resource centre playgrounds at \$5.0 million; 3% allocated to state of good repairs of city-own facilities at \$0.3 million; and 41% allocated to four Service Improvement projects at \$3.663 million. The four service improvement projects are to complete the construction of the Thorncliffe Child Care Centre; to begin the design and construction of two new child care centres in under-served areas; and to commence the Blevins child care centre retrofit (under the Regent Park Revitalization).

PART II: ISSUES FOR DISCUSSION**2008 Capital Budget Issues****Regent Park Revitalization Initiative:**

The City of Toronto approved the Regent Park Redevelopment Plan in February 2005. The plan is based on the principle of creating a healthy community and reintegrating it with the surrounding City. It recommends introducing streets, creating large new park spaces, aligning buildings along the streets and providing opportunities for employment, education, culture and community facilities.

The Regent Park Revitalization will be completed in six phases over 12 years. Redevelopment for each phase will follow in two-year intervals until all six phases are completed. Deconstruction and demolition of Phase 1 is near completion and the construction of apartments and housing units is planned for completion by 2008.

- Children's Services has identified that Phase 2 of the Regent Park Revitalization will displace an existing child care day care facility, and that a replacement facility, either temporary or permanent will need to be in place in 2009. The Program's 2008 Recommended Capital Budget and 2009 – 2012 Capital Plan includes total funding of \$1.650 million (2008 and 2009) for the Blevins Child Care Centre Retrofit project under the Regent Park redevelopment to accommodate infants and toddlers from the Regent Park Day Care Centre which will be demolished by March 2009.

A second project, scheduled for 2010 – 2011 under the Regent Park Revitalization, is to renovate space in Nelson Mandela Public School of \$3.0 million for 2010 to 2011 to accommodate pre-school children that will be temporarily accommodated in portables at the Blevins Day Care Centre. This project will be considered during the 2009 Capital Budget process.

Appendix 1

2008 Recommended Capital Budget; 2009 to 2012 Plan and 2013 to 2017 Estimates

Appendix 2

2008 Recommended Cash Flow and Future Year Commitments

Appendix 3
2008 Recommended Capital Projects
with Financing Details

Appendix 4

Reserve / Reserve Fund Review (\$000s)

| Reserve / Reserve Fund Name | Project / SubProject Name and Number | Projected Balance as of December 31, 2007 | Proposed Withdrawals | | | | |
|-----------------------------------------------|------------------------------------------------|-------------------------------------------------|----------------------|--------------------|--------------------|--------------------|--------------------|
| | | | 2008 | 2009 | 2010 | 2011 | 2012 |
| XR1103 Child Care Capital Reserve Fund | Beginning Balance | \$11,263,292 | \$11,263,292 | \$9,557,292 | \$6,657,292 | \$4,757,292 | \$3,857,292 |
| | 2008 Operating Budget (Contribution) | | \$320,000 | | | | |
| | 2008 Operating Budget (Withdrawal) | | (\$400,000) | (\$400,000) | (\$400,000) | (\$400,000) | (\$400,000) |
| | CHS906381 - 0003 Thorncliffe Child Care Centre | | (\$626,000) | | | | |
| | CHS906381 - 0004 Centre B | | (\$500,000) | (\$1,000,000) | | | |
| | CHS906381 - 0006 Centre C | | (\$500,000) | (\$1,000,000) | (\$500,000) | | |
| | CHS906381 - 0001 Centre D | | | (\$500,000) | (\$1,000,000) | (\$500,000) | |
| | Total Proposed (Withdrawals)/Contributions | | (\$1,706,000) | (\$2,900,000) | (\$1,900,000) | (\$900,000) | (\$400,000) |
| | | | | | | | |
| TOTAL RESERVE FUND BALANCE AT YEAR-END | | \$11,263,292 | \$9,557,292 | \$6,657,292 | \$4,757,292 | \$3,857,292 | \$3,457,292 |