

# Analyst Briefing Notes

## Budget Committee Review

(October 29, 2007)

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

- The 2007 Approved Capital Budget of \$10.8 million was 11% spent as of June 30<sup>th</sup>, 2007. Year-end expenditures are projected to be \$9.4 million, or 87% of the 2007 Approved Capital Budget. While most of the maintenance projects have been initiated, and are currently in the design or tender phase, a few projects have been faced with unexpected delays and are anticipated to be re-tendered. The unspent 2007 funding of \$1.4 million will be carried forward into 2008 for the State of Good Repair and Health and Safety HFA Maintenance Projects. The 2007 projected spending rate of 87% is favourable compared with the 2006 spending rate of 71%.
- The 2008 Recommended Capital Budget, 2009-2012 Plan and 2013 to 2017 Estimates total \$74.39 million, of which \$39.19 million is projected for the Program's 5-Year Capital Plan; requiring cash flows of \$ \$9.8 million in 2008; \$6.6 million in 2009; \$8.8 million in 2010; \$7.8 million in 2011; and \$6.194 million in 2012. A total of \$35.2 million is also forecasted for the 2013-2017 period. The 5-Year Capital Plan meets the debt target in each year of the Plan.
- The Recommended 5-Year Capital Plan of \$37.8 million is 81% (\$30.7 million) allocated to Health and Safety projects and the remaining 19% (\$7.1 million) to State of Good Repair (SOGR) initiatives.
- The Recommended 5-Year Capital Plan includes funding for State of Good Repair projects totalling of \$7.13 million that will reduce the SOGR backlog to \$0.6 million by 2012, driven by a Capital Maintenance Plan arising from the completion of a building assessment of the structural and mechanical systems in the homes, undertaken by Paradigm Engineering Group Inc.
- The 2008 Recommended Capital Budget is \$8.4 million, with \$2.0 million funded from debt and \$6.4 million from the HFA Capital Reserve Fund. This cash flow, combined with the 2007 carry forward funding of \$1.4 million into 2008 (funded from the HFA Capital Reserve Fund), brings the total 2008 Recommended Capital Budget to \$9.8 million. Commitments of \$2.5 million in 2009 are required to complete plumbing upgrades, ventilation systems, fire alarm/suppression system, and flooring.
- The Recommended 5-Year Capital Plan is funded \$27.19 million from the HFA Capital Reserve Fund. The Reserve Fund will be almost depleted by 2012 and will be reviewed in future years when new provincial funding details are known. The Deputy City Manager and Chief Financial Officer, in conjunction with General Manager of Homes for the Aged, will review the sustainability of the HFA Capital Reserve Fund beyond 2012 before the 2009 Capital Budget process.

- The Recommended 5-Year Capital Plan will ensure a safe and comfortable living environment is provided for long-term care residents by focusing on mechanical, electrical, and building upgrades, such as plumbing, nurse call systems, and flooring replacement.

**Recommendations**

The City Manager and the Deputy City Manager and Chief Financial Officer recommend that:

- (1) the 2008 Recommended Capital Budget for Homes for the Aged with a total project cost of \$10.9 million and a 2008 cash flow of \$9.8 million and future year commitments of \$2.5 million be approved. The 2008 Recommended Capital Budget consists of the following:
  - (a) New cash flow funding for:
    - i. new sub-projects with a 2008 total project cost of \$10.9 million that requires cash flow of \$8.4 million in 2008 and a future year commitment of \$2.5 million in 2009; and
    - ii. 2 previously approved sub-projects with carry forward funding from 2007 into 2008 of \$1.4 million
- (2) the 2009-2012 Capital Plan for Homes for the Aged totalling \$29.4 million in project commitments and estimates, comprised of \$6.6 million in 2009; \$8.8 million in 2010; \$7.8 million in 2011; and \$6.194 million in 2012, be approved;
- (3) new debt service costs of \$0.060 million in 2008 and incremental costs of \$0.220 million in 2009 be approved for inclusion in the 2008 and future year operating budgets;
- (4) the Deputy City Manager and Chief Financial Officer, in conjunction with General Manager of Homes for the Aged, review the sustainability of the HFA Capital Reserve Fund beyond 2012 before the 2009 Capital Budget process;
- (5) the 2008-2012 Capital Plan be reviewed to identify any operating costs/savings that should be included with the 2009 Capital Budget submission

**2007 Capital Variance Review**

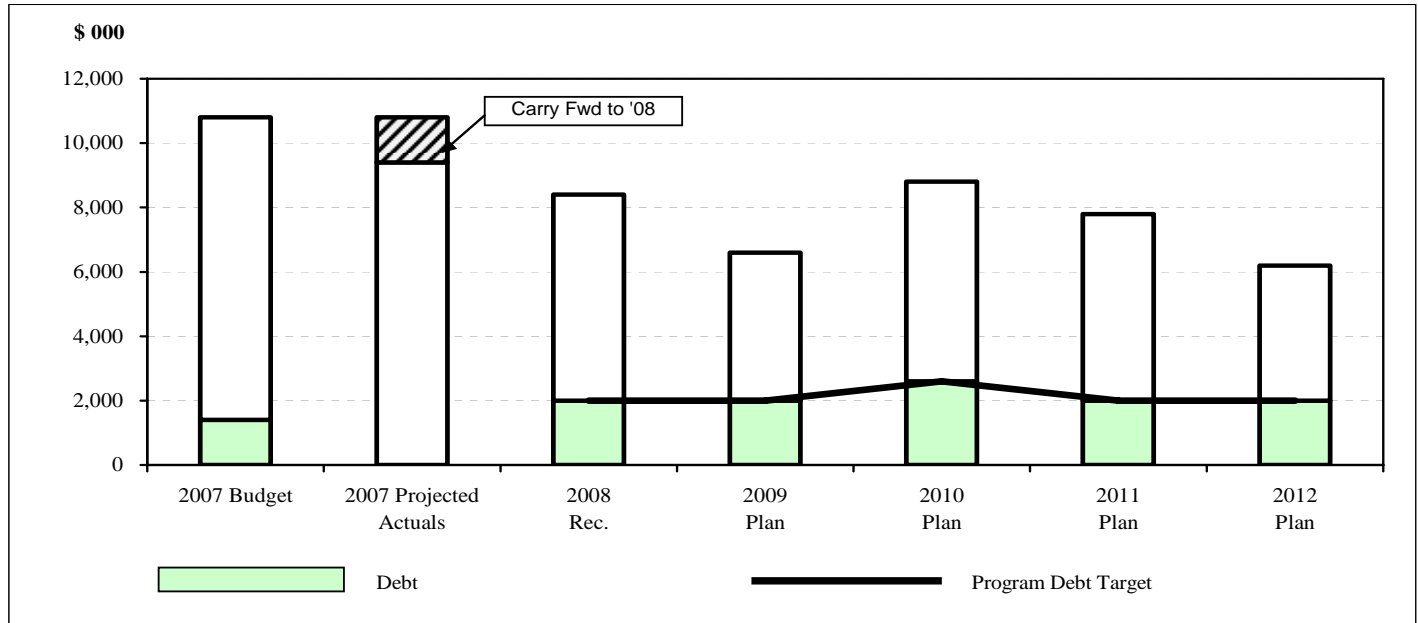
<b>2007 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)</b>					
<b>2007 Approved</b>	<b>Actuals as of June 30 (2nd Qtr Variance)</b>		<b>Projected Actuals at Year End</b>		<b>Balance</b>
<b>\$</b>	<b>\$</b>	<b>% Spent</b>	<b>\$</b>	<b>% Spent</b>	<b>\$ Unspent</b>
10,800	1,200	11	9,400	87	1,400

Note: The above table is based on latest projections and differs from the 2007 June Variance Report

**Comments / Issues:**

- At the end of the 2<sup>nd</sup> quarter, Homes for the Aged spent approximately \$1.2 million or 11% of its 2007 approved cash flow budget of \$10.8 million.
- The program is projecting to spend \$9.4 million or 87% of its approved cash flow by year-end. While most of the planned maintenance projects have been initiated, and are currently in the design or tender phase, a few projects have been faced with unexpected delays and are anticipated to be re-tendered. These bids came in much higher than budget due to a strong construction market. In an effort to reduce costs the Program has re-packaged and re-tendered the projects to encourage more competitive bids.
- The full \$1.4 million 2007 under-expenditure will be carried forward into 2008.

## 5-Year Capital Plan (2008 Recommended Budget, 2009 – 2012 Plan)



			5-Year Plan					
			2008	2009	2010	2011	2012	2008-2012
			Budget	Projected Actual				
<b>Gross Expenditures:</b>								
2007 Capital Budget & Future Year Commitments	10,800	9,400						0
Recommended Changes to Commitments								0
2008 New/Change in Scope and Future Year Commitments			8,400	2,500				10,900
2009 - 2012 Plan Estimates				4,100	8,800	7,800	6,194	26,894
1-Year Carry Forward to 2008		1,400	➡					
<b>Total Gross Annual Expenditures &amp; Plan</b>	<b>10,800</b>	<b>10,800</b>	<b>8,400</b>	<b>6,600</b>	<b>8,800</b>	<b>7,800</b>	<b>6,194</b>	<b>37,794</b>
<b>Program Debt Target</b>	<b>1,400</b>		<b>2,000</b>	<b>2,000</b>	<b>2,600</b>	<b>2,000</b>	<b>2,000</b>	<b>10,600</b>
<b>Financing:</b>								
Recommended Debt	1,400		2,000	2,000	2,600	2,000	2,000	10,600
<b>Other Financing Sources:</b>								
Reserves/Reserve Funds	9,400		6,400	4,600	6,200	5,800	4,194	27,194
Development Charges								0
Federal								0
Provincial								0
Other Revenue								0
<b>Total Financing</b>	<b>10,800</b>		<b>8,400</b>	<b>6,600</b>	<b>8,800</b>	<b>7,800</b>	<b>6,194</b>	<b>37,794</b>
<b>By Category:</b>								
Health & Safety	7,000		7,000	5,300	6,900	6,400	5,034	30,634
Legislated								0
SOGR	3,800		1,400	1,300	1,900	1,400	1,160	7,160
Service Improvement								0
Growth Related								
<b>Total By Category</b>	<b>10,800</b>		<b>8,400</b>	<b>6,600</b>	<b>8,800</b>	<b>7,800</b>	<b>6,194</b>	<b>37,794</b>
Yearly SOGR Backlog Estimate (not addressed by current plan)			(1,400)	(1,300)	(1,900)	(2,400)	(1,160)	(8,160)
Accumulated Backlog Estimate (end of year)			7,405	6,105	4,205	1,805	645	645
<b>Operating Impact on Program Costs</b>			0	0	0	0	0	0
<b>Debt Service Costs</b>			60	280	298	346	280	1,264

## 5-Year Capital Plan Overview

### Overview

The Recommended 5-Year Capital Plan totals \$37.8 million, with 2008 cash flow of \$8.4 million; \$6.6 million in 2009; \$8.8 million in 2010; \$7.8 million in 2011; and \$6.2 million in 2012.

The Recommended 5-Year Plan for HFA requires \$37.8 million for ongoing capital maintenance for the Division's ten homes, with \$30.7 million (81%) for Health and Safety Maintenance and \$7.13 million (19%) for State of Good Repair. Cash flow for years 2008-2012 averages at \$7.56 million per year with debt funding being \$2.12 million per year and draws from the HFA Capital Reserve Fund of \$5.44 million per year.

The capital maintenance plan is backed by a comprehensive building condition assessment of the structural, electrical and mechanical systems of the City's ten homes that was completed by the Program in 2006. The condition assessment, as prepared by Paradigm Engineering Group Inc., identified a backlog of projects and forecasted future maintenance priority requirements of \$8.8 million, which HFA has included in the 2008 – 2017 Capital Program. The annual cost estimate for maintaining long-term care facilities in a state of good repair is between 2.9% to 3.7% of the buildings replacement value. The current average SOGR expenditure over the 5-Year Plan of \$1.4 million is 1% of the building replacement value. The Capital Plan will reduce the SOGR backlog from \$8.8 million in 2007 to \$0.6 million by 2012.

The following table summarizes the spending priorities reflected in the Recommended 5-Year Capital Plan:

HFA 5-Year Capital Plan \$(000s)						
	2008	2009	2010	2011	2012	2008-2012
Plumbing Infrastructure Upgrades (SOGR)	235		115	135	68	552
Plumbing Infrastructure Upgrades (H&S)	1,930	765	1,100	473		4,268
HVAC System Upgrades (H&S)		595	675	761	211	2,241
Heating Plant Upgrades (H&S)	390		590		34	1,014
Ventilation Systems (H&S)	765	320	605	1,763	1,498	4,950
Other Upgrades (H&S)	55	365	1,490	403	64	2,378
<b>Mechanical Upgrades</b>	<b>3,375</b>	<b>2,045</b>	<b>4,575</b>	<b>3,534</b>	<b>1,874</b>	<b>15,403</b>
Nurse Call System (H&S)	1,855		605		43	2,503
Fire Alarm / Supression System (H&S)	65	290	410	645	824	2,233
Cabling Upgrades (H&S)	245	535	240	659	312	1,990
Electrical Systems (H&S)				496	1,552	2,049
<b>Electrical Upgrades</b>	<b>2,165</b>	<b>825</b>	<b>1,255</b>	<b>1,799</b>	<b>2,730</b>	<b>8,775</b>
Flooring (SOGR)	295	165	500	475	228	1,663
Flooring (H&S)	255	1,360				1,615
Windows / Doors (SOGR)	335	145	450	354	327	1,611
Windows / Doors (H&S)	135	450	70	543		1,198
Paving & Concrete (SOGR)	435	425	265	254	228	1,607
Paving & Concrete (H&S)	300					300
Plumbing Infrastructure (H&S)	450	510	370	218	267	1,815
Structural - Other (SOGR)	100	565	425		220	1,310
Structural - Other (H&S)	80	110				190
Elevator Upgrades (H&S)	150		745	440	230	1,565
Roofing (SOGR)	-		145	182	90	417
Roofing (H&S)	325					325
<b>Building Upgrades</b>	<b>2,860</b>	<b>3,730</b>	<b>2,970</b>	<b>2,466</b>	<b>1,590</b>	<b>13,616</b>
<b>TOTAL</b>	<b>8,400</b>	<b>6,600</b>	<b>8,800</b>	<b>7,800</b>	<b>6,194</b>	<b>37,794</b>
<b>SOGR</b>	<b>1,400</b>	<b>1,300</b>	<b>1,900</b>	<b>1,400</b>	<b>1,160</b>	<b>7,160</b>
<b>H&amp;S</b>	<b>7,000</b>	<b>5,300</b>	<b>6,900</b>	<b>6,400</b>	<b>5,034</b>	<b>30,634</b>

## Multi-Year Debt Affordability Target

The 2008-2012 Recommended Capital Plan has met the Council approved debt affordability targets for each of the five years. This has been achieved by combining debt funding and draws from the HFA Capital Reserve Fund to fund the cash flow requirements for each year of the recommended 5-Year Capital Plan.

## Recommended Changes to the 2007 – 2011 Capital Plan

Recommended changes to the 5-Year Capital Plan include a deferral beyond the 5-Year Capital Plan in 2011 of \$1.0 million required to meet the debt affordability target. The deferral is equally split between Health and Safety and State of Good Repair projects. The Recommended 2008-2012 Capital Plan also includes an additional 2012 estimate of \$6.2 million, as a 2012 estimate was not submitted. The 2008-2012 Capital Plan will be reviewed for 2009 once more details are available about provincial contributions.

The table below shows recommended changes to the 2007-2011 Capital Plan:

<b>Approved 2007-2011 Capital Plan</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012*</b>	<b>Total</b>
Health & Safety	7,000	5,300	6,900	6,900	-	26,100
SOGR	1,400	1,300	1,900	1,900	-	6,500
<b>Total By Category</b>	<b>8,400</b>	<b>6,600</b>	<b>8,800</b>	<b>8,800</b>	<b>-</b>	<b>32,600</b>
<b>Recommended 2008-2012 Capital Plan</b>						
Health & Safety	7,000	5,300	6,900	6,400	5,034	30,634
SOGR	1,400	1,300	1,900	1,400	1,160	7,160
<b>Total By Category</b>	<b>8,400</b>	<b>6,600</b>	<b>8,800</b>	<b>7,800</b>	<b>6,194</b>	<b>37,794</b>
<b>Changes</b>						
Health & Safety	-	-	-	(500)	5,034	4,534
SOGR	-	-	-	(500)	1,160	660
<b>Total Changes By Category</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,000)</b>	<b>6,194</b>	<b>5,194</b>

\* No 2012 Cash flow was submitted as part of the 2007-2011 Capital Plan

## Program Capacity and Readiness to Proceed

Spending for the HFA Maintenance Program has averaged \$2.88 million from 2002 through 2007, while the budget (including carry forward funding) has averaged \$5.75 million for the same period. From 2003 and forward, the Program has carried forward an average of over \$1 million per year due to its inability to spend more than 70% of its Capital Budget. However, the Program is projecting to spend 87% or \$9.4 million by 2007 year end.

From 2001 through 2005, the Program's spending priorities were split between undertaking the reconstruction / renovation of Wesburn Manor and True Davison Acres, two homes that were classified as 'D' facilities by the Ministry of Health and Long-Term Care (D ratings receive a rebuild/ renovate mandate), and maintaining the remaining eight homes. The Wesburn Manor renovation was



completed in 2004 and the True Davison Acres renovation was completed in 2005, at a total cost of \$44.848 million.

With the focus on these major renovation projects, the remainder of the maintenance budget was under spent. No doubt interruptions caused by the SARS outbreak in 2004 and the respiratory outbreaks in 2005 contributed to the low spending levels of 46% in 2004 and of 49% in 2005 of the Capital Budget.

In 2006, with the completion of the reconstruction of Wesburn Manor and True Davison Acres and after hiring a Capital Project Manager to co-ordinate the delivery of the maintenance-plan, a spending rate of 71% was achieved for the State of Good Repair and Health and Safety projects.

The Program is using the comprehensive building condition assessment compiled in 2006 as the basis of establishing project priorities. The Recommended 5-Year Capital Plan is based on realistic procurement processes and timelines.

### **Backlog of Projects – Unmet Needs**

A comprehensive building condition assessment completed in the spring of 2006 identified a backlog of SOGR maintenance of \$8.8 million by the end of 2007 for the Program's 10 homes. This backlog will be reduced to \$0.6 million by 2012, or by an average of \$2 million per year.

The Province announced on July 31, 2007, plans to redevelop about 50% of the long-term care homes in Ontario over a ten year period beginning in 2008, which will likely define the capital requirements in the future.

While the average age of the homes would indicate that over 60% of the homes are close to the end of their life-cycle, all but three of the facilities have undergone major renovations.

### **Capital Project Highlights**

#### **Strategic Priorities:**

The capital maintenance projects ensure that health and safety issues are addressed and that the homes are maintained in a state of good repair to prevent future major costs from becoming necessary. The Program is committed to ensuring that the long-term sustainability of the homes physical plants and financial assets are maintained, and ensure that life safety issues are regularly addressed. The Capital Plan is designed to maintain the homes in a state of good repair, ensuring that the repair and maintenance of heating/mechanical systems, outside repairs (windows, brickwork and paving), elevators and roofing is ongoing, preventing the likelihood of incurring more extensive repairs in the future.

#### **Mayor's Mandate:**

The Program's 2008 Health and Safety and State of Good Repair projects of \$4.4 million, ensure a safe and comfortable living environment for long-term care residents, of which some of the homes are located in priority neighbourhoods (Kipling Acres, Seven Oaks and Bendale Acres).

## Other City Initiatives:

The Division is partnering and collaborating with other City Divisions to promote City Initiatives. These include partnerships with Parks, Forestry and Recreation (\$0.05 million) in the greening of the 10 Homes, as well as with Facilities and Real Estate in the facility design standards.

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

Incremental Operating Budget Impact	2008	2009	2010	2011	2012
<b>2008 Recommended Capital Budget</b>					
Program Costs (net) (\$000s)					
Approved Positions					
Debt Service Charges (\$000s)	60	220			
<b>Recommended 2009-2012 Capital Plan</b>					
Program Costs (net) (\$000s)					
Approved Positions					
Debt Service Charges (\$000s)		60	298	346	280
<b>Total</b>					
Program Costs (net) (\$000s)					
Approved Positions					
Debt Service Charges (\$000s)	60	280	298	346	280
<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 will be operational cost savings as a result of the 2008 capital projects in the form of decreased repair costs and energy cost savings through window replacements, and HVAC and heating plant upgrades, will be included in the future years' operating budgets. Thus it is recommended that the 5-Year Capital Plan be reviewed to quantify any operating costs/savings that should be included with the 2009 Capital Budget submission.

The HFA 2008-2012 Recommended Capital Plan will result in new debt service costs of \$0.06 million in 2008, and \$1.2 million in years 2009-2012. Debt service cost of repayment of principal and interest is calculated according to corporate guidelines, in the following manner: 3.0% in Year 1, and 14% for subsequent years.

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

	2007 & 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
<b>Expenditures</b>													
Previously Approved						1,400	1,400						1,400
Change in Scope													0
New							0						0
New w/Future Year			8,400	8,400				2,500					2,500
<b>Total Expenditure</b>	<b>0</b>	<b>0</b>	<b>8,400</b>	<b>8,400</b>		<b>1,400</b>	<b>9,800</b>	<b>2,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,300</b>
<b>Financing</b>													
Debt			2,000	2,000	<b>2,000</b>		2,000						2,000
Subsidy (SCPI)													0
Prov. Subsidy/Grant													0
Development Charges													0
Other													0
Federal Grants													0
Reserves/Res Funds	0		6,400	6,400		1,400	7,800	2,500					10,300
<b>Total Financing</b>	<b>0</b>	<b>0</b>	<b>8,400</b>	<b>8,400</b>		<b>1,400</b>	<b>9,800</b>	<b>2,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,300</b>

**Comments / Issues:**

- Approval of the 2008 Recommended Capital Budget will result in \$9.8 million cash flow in 2008 with commitments of \$2.5 million in 2009. The full amount is dedicated to Health and Safety (82%) and State of Good Repair (18%) projects.
- The 2009 commitments are dedicated to Health and Safety initiatives, focusing on electrical, mechanical, and building upgrades.
- \$2.0 million of the 2008 Recommended Capital Budget is funded by debt, with the remainder being funded out of the Homes for the Aged Capital Reserve Fund.

## 2008 Recommended Capital Budget

### 2008 Recommended Capital Budget versus Debt Target

The 2008 Recommended Capital Budget meets its 2008 debt target of \$2.0 million through maximizing the use of the HFA Capital Reserve Fund; 24% of funding is by new debt and 76% is through the reserve.

### Recommended Capital Budget by Category

Below is a table summarizing the 2008 Recommended Capital Budget by category (excluding \$1.4 million 2007 carry forward funding into 2008). The debt target of \$2.0 million is fully allocated to Health and Safety projects.

2008 Recommended Capital Budget by Category			
	2008	2009 commitments	Total
<b>SOGR</b>			
Plumbing Upgrades (SOGR)	235		
Flooring (SOGR)	295		
Paving & Concrete (SOGR)	435		
Structural - Other (SOGR)	100		
Windows / Doors (SOGR)	335		
Total SOGR	1,400	-	13%
<b>H&amp;S</b>			
Plumbing Upgrades (H&S)	1,930	750	
Heating Plant Upgrades (H&S)	390		
Ventilation Systems (H&S)	765	320	
Nurse Call System (H&S)	1,855		
Fire Alarm / Supression System (H&S)	65	290	
Cabling Upgrades (H&S)	245		
Flooring (H&S)	255	1,140	
Windows / Doors (H&S)	135		
Paving & Concrete (H&S)	300		
Plumbing Infrastructure (H&S)	450		
Other (H&S)	135		
Elevator Upgrades (H&S)	150		
Roofing (H&S)	325		
TOTAL H&S	7,000	2,500	87%
<b>TOTAL</b>	<b>8,400</b>	<b>2,500</b>	<b>100%</b>

## PART II: ISSUES FOR DISCUSSION

### 5-Year Capital Plan Issues

#### HFA Capital Reserve Fund

The HFA Capital Reserve was established in 1998 with the express purpose of funding health and safety projects and/or minor capital upgrades. The HFA Capital Reserve has been entirely funded from the MOHLTC for life safety and/or minor capital upgrades.

The 5-Year Capital Plan includes draws of \$27.194 million from the HFA Capital Reserve Fund. In addition, the Program is forecasting an average annual contribution from the Ministry of Health Long Term Care (MOHLTC) of \$1.75 million in each year for 2008-2012 in the form of Provincial Structural Compliance Premiums. As well, the Program anticipates that there will be a change in the MOHLTC capital funding policy, which by 2012, will provide the Program with additional provincial funding that will help fund the Capital Maintenance program.

While the Provincial Structural Compliance Premiums of \$8.73 million have not been confirmed, the Program is confident projecting that these capital subsidies will become available during the course of the Recommended 5-Year Capital Plan timeframe.

Based on current withdrawals from the Capital Reserve, the HFA Capital Reserve Fund will be depleted by 2012. Planned cash flows and corresponding reserve draws have been reduced by \$1.0 million and \$1.8 million in 2011 and 2012, respectively, to ensure there is enough funding available in the Reserve Fund to support the Recommended 5-Year Capital Plan. The Deputy City Manager and Chief Financial Officer in conjunction with General Manager of Homes for the Aged will review the sustainability of the HFA Capital Reserve Fund beyond 2012 before the 2009 Capital Budget process

HFA Capital Reserve Fund	Projected Balance as of December 31, 2007					
		2008	2009	2010	2011	2012
Beginning Balance	\$16,382,441	\$16,382,441	\$12,406,136	\$10,104,874	\$6,102,357	\$2,323,729
Draws to Fund Capital Maintenance Program		(\$6,400,000)	(\$4,600,000)	(\$6,200,000)	(\$5,800,000)	(\$4,194,000)
Provincial Structural Compliance Premium		\$1,702,868	\$1,752,868	\$1,752,868	\$1,752,868	\$1,768,027
Interest Income		\$720,827	\$545,870	\$444,614	\$268,504	\$102,244
Total Net Draws		(\$3,976,305)	(\$2,301,262)	(\$4,002,518)	(\$3,778,628)	(\$2,323,729)
<b>TOTAL RESERVE FUND BALANCE AT YEAR-END</b>	<b>\$16,382,441</b>	<b>\$12,406,136</b>	<b>\$10,104,874</b>	<b>\$6,102,357</b>	<b>\$2,323,729</b>	<b>(\$0)</b>

#### Capacity / Readiness to Proceed

Given the funding increase in the Recommended 5-Year Capital Plan (\$7.56 million average for 2008-2012) from historical spending averages (\$2.892 million for 2002-2006) and the Program's capacity to spend its budget, as previously discussed in the Capacity Section, performance will be monitored closely in 2008. Based on this review, the future year estimates may be revised to a more realistic spending rate as part of the 2009 Capital Budget process based on 2008 spending performance.

## **Appendix 1**

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

**Appendix 2**

**2008 Recommended Cash Flow  
& 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
XR2103 HFA Capital Reserve Fund	Beginning Balance	16,382,441	16,382,441	12,406,136	10,104,874	6,102,357	2,323,729
	2008 Draw to Fund Capital Maintenance Program		(6,400,000)				
	Provincial Structural Compliance Premium		1,702,868				
	Interest Income		720,827				
	2009 Draw to Fund Capital Maintenance Program			(4,600,000)			
	Provincial Structural Compliance Premium			1,752,868			
	Interest Income			545,870			
	2010 Draw to Fund Capital Maintenance Program				(6,200,000)		
	Provincial Structural Compliance Premium				1,752,868		
	Interest Income				444,614		
	2011 Draw to Fund Capital Maintenance Program					(5,800,000)	
	Provincial Structural Compliance Premium					1,752,868	
	Interest Income					268,504	
	2012 Draw to Fund Capital Maintenance Program						(4,194,000)
	Provincial Structural Compliance Premium						1,768,027
	Interest Income						102,244
	Total Proposed Withdrawals		(3,976,305)	(2,301,262)	(4,002,518)	(3,778,628)	(2,323,729)
<b>TOTAL RESERVE FUND BALANCE AT YEAR-END</b>		<b>16,382,441</b>	<b>12,406,136</b>	<b>10,104,874</b>	<b>6,102,357</b>	<b>2,323,729</b>	<b>(0)</b>