

Analyst Briefing Notes

Budget Committee Review

(October 29, 2007)

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PART I: CAPITAL PROGRAM**Executive Summary**

- Parks, Forestry and Recreation's 2007 Approved Capital Budget of \$93.984 million was 11% spent as at June 30, 2007. As a result of such impediments as inclement weather, prolonged public consultations and outstanding third party funding, actual expenditures by year-end are anticipated to be \$77.402 million or 82% of the 2007 Approved Budget. Of this unspent balance, \$16.170 million is projected to be carried forward into 2008.
- The Recommended 5-Year Capital Plan for Parks, Forestry and Recreation was developed in accordance with the strategic directions and principles approved by City Council in various strategic documents, including the Program's strategic plan, *Our Common Grounds*, as well as various City-wide strategies and directions.
- The 2008 Recommended Capital Budget; 2009 to 2012 Plan and 2013 to 2017 Estimates total \$858.155 million of which \$297.591 million is projected for the Program's 5-Year Capital Plan, requiring cash flows of \$70.201 million in 2008; \$74.211 million in 2009; \$60.714 million in 2010; \$46.028 million in 2011; and \$46.137 million in 2012.
- The 2008 Recommended Capital Budget and 2009-2012 Capital Plan call for total debt of \$207.549 million, which exceeds Parks, Forestry and Recreation's aggregate debt target of \$196.294 million by \$11.255 million. The Recommended 5-Year Plan meets the annual debt targets in 2011 and 2012 but exceeds the annual targets in 2008-2010. The overage in 2008 is \$2.880 million which is attributable to Priority Neighbourhood investments of \$1.575 million and \$1.305 million in new fleet to support operations. In 2009, the overage is \$4.000 million, comprised of Priority Neighbourhood investments of \$3.000 million and \$1.000 million for the demolition of the Guild Inn. In 2010, the overage of \$4.375 million is entirely for Priority Neighbourhood investments.
- The Parks, Forestry and Recreation Recommended 5-Year Capital Plan, excluding unspent 2007 funding to be carried forward into 2008, totals \$297.291 million, of which 54% (\$161.561 million) is allocated to state-of-good-repair projects and the remaining 46% (\$136.030 million) to service improvement and growth-related initiatives. The latter is largely driven by the planned design and construction of new/expanded community centres (\$59.523 million) such as the York Community Centre and the Edithvale Community Centre.
- Based only on those assets that have been audited to date, Parks, Forestry and Recreation will accumulate, by the end of 2007, a state-of-good-repair backlog of approximately \$197.680 million. Even with the adoption of the 2008 Recommended Capital Budget, this backlog is projected to grow to \$232.831 million by the end of 2008. In fact, the Program requires \$127.053 million over the period 2008 to 2012 to merely maintain the backlog at its present level. Due to affordability constraints, only \$161.561 million is dedicated to this backlog over the next five years. As a result, the current audited backlog is expected to swell to \$324.733 million by the end of 2012.

- The Recommended 5-Year Capital Plan for Parks, Forestry and Recreation includes 5 new sub-projects, the expansion of 1 existing sub-project, as well as unallocated 2009 and 2010 funding, all related to investment in Priority Neighbourhoods, which were not part of the 2007 – 2011 Approved Capital Plan. The total project cost is estimated at \$17.634 million, of which the net City cost through the Parks, Forestry and Recreation budget is \$10.700 million (\$8.895 million from debt and \$1.750 million to be drawn from reserve funds). The balance of the costs of these projects will be met by third party partners. Other Priority Neighbourhood projects are included in the Capital Budgets for other City Divisions, namely Toronto Public Library, Children's Services and Facilities and Real Estate.
- The Parks, Forestry and Recreation Recommended 5-Year Capital Plan will increase the Program's future-year operating budgets by approximately \$5.532 million net over the five-year period. The operating impacts included in Parks, Forestry and Recreation's 2008 Operating Budget for Parks, Forestry and Recreation capital projects approved in 2007 and prior years is \$3.569 million and 44.4 positions, with an annualized impact in 2009 of \$1.763 million.
- In addition, the parks to be developed through Waterfront Toronto, City Planning and Toronto and Region Conservation Authority will result in additional operating impacts to the Parks, Forestry and Recreation Division. These impacts are currently being determined by interdivisional teams. Estimates indicate that by 2011 Parks, Forestry and Recreation may require \$23.700 million for increased operating costs for new waterfront parks. The estimated incremental cost in Parks, Forestry and Recreation's 2008 Operating Budget is \$0.550 million to maintain new waterfront parks, based on actual construction progress by Waterfront Toronto.
- The primary issues surrounding the Parks, Forestry and Recreation Recommended 5-Year Capital Plan are: a) the increasing pressure on future capital and operating budgets as a result of various Council-approved initiatives and plans, such as the *Recreational Facilities* report, the *Sport Strategy Framework* and Waterfront Revitalization projects; b) the state-of-good-repair backlog that will grow exponentially once all asset types are audited; and c) the Program's capacity to spend, in a timely manner, the capital funding that has been budgeted.
- The Recommended 5-Year Capital Plan for Parks, Forestry and Recreation will deliver:
 - Outdoor recreation facilities such as the Tam Heather Tennis Dome, skateboard parks at Ashbridges Bay and City-wide; sports field improvements at 7 parks; soccer fields at 3 parks; and lighting at 3 parks; areas or playgrounds at 12 sites; improvement of 5 pools including Lord Dufferin Pool in Regent Park and the Flemingdon Park Recreation Centre pool; park development at 24 parks;
 - Indoor recreation facilities such as a renovated Stephen Leacock Arena, a new field house at Queensway Park and community centres such as the Jenner Jean-Marie and York Community Centre;
 - A work order system as part of the 3-1-1 Customer Service Strategy and a security plan for various facilities; and
 - Continued work on the Toronto Bike Plan and environmental initiatives such as the Tree Advocacy Program.

- The Parks, Forestry and Recreation Recommended 5-Year Capital Plan is aligned to a range of strategic priorities outlined in the Mayor's Mandate, including *Strengthen Our At-Risk Neighbourhoods*, *Speed Up the Implementation of Toronto's Bike Plan*, *Make Progress on The Waterfront*, and *Make Toronto a Clean and Beautiful City*.
- The 2008 Recommended Capital Budget for Parks, Forestry and Recreation, excluding funding being carried forward from 2007 to 2008, is \$70.201 million. This includes \$9.343 million for projects approved in 2006 with unspent funding to be carried forward into 2008, \$12.662 million for projects previously approved for 2008 and \$48.196 million for new initiatives. The 2008 Recommended Capital Budget also requires future year commitments totalling \$23.199 million.
- The 2008 Recommended Capital Budget, which exceeds the Program's \$35.130 million debt target by \$2.880 million due to the inclusion of Priority Neighbourhood investment and new fleet (subject to approval of 2008 operating funds), allocates \$33.975 million (48%) to state-of-good-repair work. The remaining \$36.226 million (52%) is geared toward priority service enhancements including the work order system, renovation of the Stephen Leacock Arena, the redevelopment of the Lord Dufferin Pool at Regent Park and the completion of the Jenner Jean-Marie Community Centre.

Recommendations

The City Manager and Chief Financial Officer recommend that:

- (1) the 2008 Recommended Capital Budget for Parks, Forestry and Recreation with a total project cost of \$71.095 million and a 2008 cash flow of \$84.806 million and future year commitments of \$25.680 million be approved. The 2008 Recommended Capital Budget consists of the following:
 - (a) New Cash Flow Funding for:
 - (i) 59 new sub-projects with a 2008 total project cost of \$71.095 million that requires cash flow of \$48.196 million in 2008 and a future year commitments of \$21.187 million in 2009 and \$1.712 million in 2010;
 - (ii) 16 previously approved sub-projects with a 2008 cash flow of \$12.662 million and a future year commitment of \$2.781 million in 2009;
 - (iii) 22 sub-projects from previously approved projects with carry forward funding from 2006 and prior years requiring 2008 cash flow of \$9.343 million, which forms part of the affordability target that requires Council to reaffirm its commitment; and
 - (b) 2007 approved cash flow for 37 previously approved sub-projects with carry forward funding from 2007 into 2008 totalling \$14.605 million;
- (2) new debt service costs of \$1.140 million in 2008 and incremental costs of \$4.324 million in 2009, \$0.571 million in 2010 and \$0.175 million in 2011 resulting from the approval of the 2008 Recommended Capital Budget, be approved for inclusion in the 2008 and future year operating budgets;
- (3) operating impacts of \$3.569 million in 2008 that emanate from the approval of the previously approved capital projects be considered within the overall scope of Parks, Forestry and Recreation's 2008 Operating Budget;
- (4) the Capital Emergency Fund sub-project be approved with funding of \$0.500 million for 2008 with the following conditions:
 - (a) projects funded must be demonstrable emergencies presenting a safety or security hazard, or impacting current operations, with a potential for significant damage resulting from the continuation of the problem identified;
 - (b) all projects charged to the 2008 Capital Emergency Fund sub-project must be reported to Finance staff to ensure structures are provided to ensure accountability;
 - (c) use of the funding must be reported in all variance reports and to Budget Committee at the time of consideration of the 2009 Capital Budget; and
 - (d) any unspent balance at year-end cannot be carried forward;

- (5) all sub-projects with third-party financing be approved conditionally, subject to the receipt of such funding during 2008 and, if such financing is not forthcoming, their priority and funding be reassessed by City Council relative to other City-financed priorities and needs;
- (6) approval of any of the fleet capital projects in Parks, Forestry and Recreation's 2008 Recommended Capital Budget be conditional upon the approval of the associated requests in the 2008 Operating Budget;
- (7) Parks, Forestry and Recreation report to Budget Committee before the end of the 2008 Capital Budget process on the outcome of the Capital Budget Task Force;
- (8) Parks, Forestry and Recreation report to Budget Committee before the end of the 2008 Capital Budget process on parkland acquisition and the required adjustments be made to the Recommended 5-Year Plan;
- (9) the 2009-2012 Capital Plan for Parks, Forestry and Recreation totalling \$201.410 million in project commitments and estimates, comprised of \$50.243 million in 2009, \$59.002 million in 2010, \$46.028 million in 2011; and \$46.137 million in 2012 be approved;
- (10) Parks, Forestry and Recreation identify and submit to the Chief Financial Officer by June 30, 2008 the full operating impacts, including positions, for all projects in its Recommended 5-Year Capital Plan; and
- (11) Parks, Forestry and Recreation continue to monitor future year projects that are eligible for Development Charge funding and modify its 5-Year Capital Plan to incorporate this financing source.

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
93,984	10,036	11	77,402	82	16,582

Comments / Issues:

- Parks, Forestry and Recreation spent \$10.036 million or 11% of its 2007 approved cash flow of \$93.984 million as at June 30, 2007.
- The Program is projecting spending of \$77.402 million or 82% of its 2007 Approved Capital Budget by year-end.
- The majority of projects are underway and are expected to be completed by year-end. \$16.170 million in funding will be carried forward to 2008 to be spent on the following projects:
 - Community Centres (\$6.000 million) - there was a change in the scope of the Jenner Jean-Marie Community Centre project for redesign to accommodate new partners;
 - Facility Components (\$3.000 million) - the implementation of a work order system was delayed because of its dependence on the SAP upgrade, which did not take place until the latter part of 2007;
 - Park Development (\$2.750 million), including:
 - Storm Damage (\$1.000 million) - Toronto and Region Conservation Authority (TRCA) anticipates that it might not be able complete all budgeted storm damage work by the end of 2007;
 - Wychwood Barns - Phase Three (\$0.500 million) - there was a delay in the award of the construction contract after the initial bids came in above budget and the project had to be tendered again;
 - Parks Development projects in Ward 20 (\$0.250 million) - these projects have been suspended pending a review of the original project scope, at the request of the Ward Councillor.
 - Arenas (\$2.700 million) - there has been public opposition to the proposed location of the Col. Sam Smith Outdoor Ice Rink and work on the change rooms at Mitchell Field was deferred to Spring 2008 to accommodate pool users in the summer season and ice hockey users in the winter season;

- Outdoor Recreation Centre (\$0.820 million) - the location of the Skateboard Park (\$0.500 million) is pending confirmation and the layout of the Tam Heather Tennis Dome is being revised to meet user requirements (\$0.320 million);
- Environmental Initiatives (\$0.200 million) - tenders for winter work will go out in the fall of 2007 and construction will continue into 2008; and
- Special Facilities (\$0.200 million) - a conflict between facility programming commitments and construction schedules has pushed some work into 2008.

In-Year Approvals

Subsequent to Council approval of the 2007 Capital Budget in March 2007, Parks, Forestry and Recreation's 2007 Capital Budget was increased by \$3.841 million as a result of the following in-year approvals:

- May 2007: the acquisition of the Village Securities site at \$2.000 million, 100% funded from the City-Wide Parkland Acquisition Reserve Fund;
- June 2007: the acquisition of 243 Alberta Avenue (Roseneath Garden Parkette) at \$1.323 million, 100% funded from the York Local Parkland Acquisition Reserve Fund, the West District Local Parkland Acquisition Reserve Fund and the City-Wide Parkland Acquisition Reserve Fund;
- June 2007: the construction of an outdoor court at Woolner Park (\$0.075 million), funded by a donation from the Toronto Raptors;
- September 2007: a design competition for June Callwood Park (\$0.035 million), 100% funded by park levies; and
- October 2007: the addition of 5 capital sub-projects, 100% financed by funds arising from the approval of various community planning applications and associated agreements and donations received (\$0.408 million).

These in-year approvals increased the Parks, Forestry and Recreation 2007 Approved Capital Budget from \$93.984 million to \$97.825 million. This increase is not reflected in the June 30, 2007 variance report discussed above.

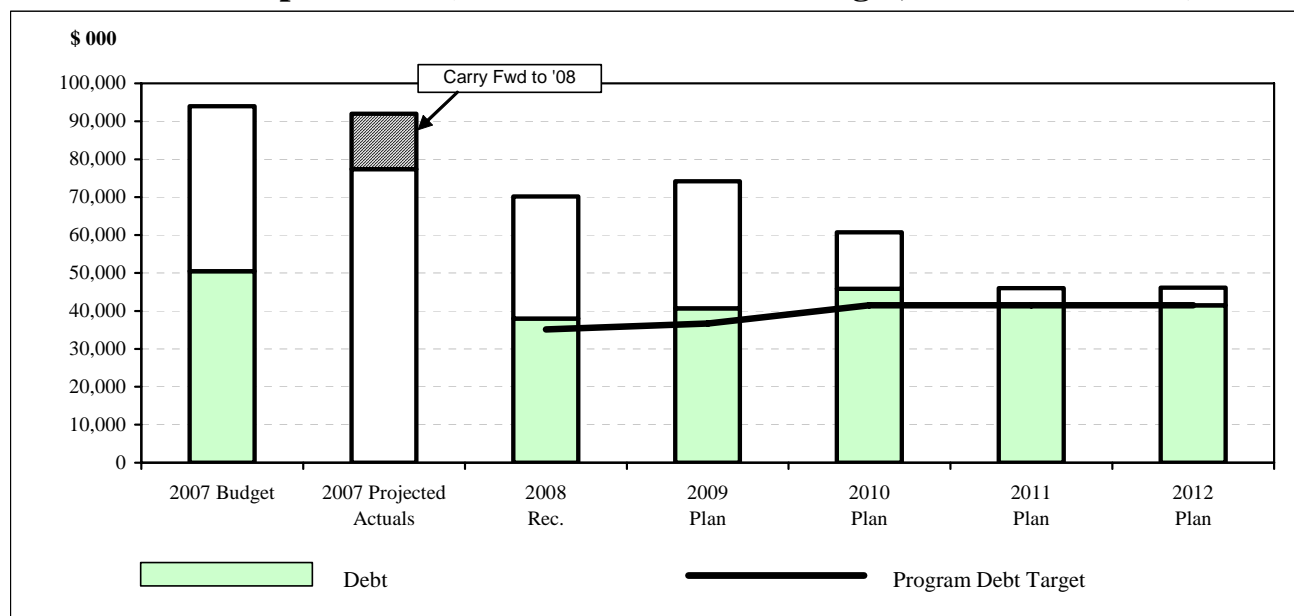
Cost Containment Impact

As cost containment measure, the following 4 capital projects funded by \$0.850 million in debt were deferred.

Cost Containment Summary (Deferral of Capital Projects)						
	2007	2008	2009	2010	2011	2012
Impact on Capital						
Park Furniture Pilot Project	(300)	300				
Skateboard Parks CW FY2007	(250)	250				
Toronto Bike Plan - CW Expansion FY2007	(200)	200				
Tam Heather Tennis Dome	(100)	100				
TOTAL	(850)	850	0	0	0	0
Impact on Operating						
Park Furniture Pilot Project						
Skateboard Parks CW FY2007						
Toronto Bike Plan - CW Expansion FY2007						
Tam Heather Tennis Dome						
TOTAL	0	0	0	0	0	0
Impact on Debt Service Charges Deferred	(26)	(68)	94	0	0	0

There are no operating budget impacts except for the deferral of debt service charges of \$0.026 million in 2007 and \$0.068 million in 2008.

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



		5-Year Plan						
		2007	2008	2009	2010	2011	2012	2008-2012
		Budget	Projected Actual					
Gross Expenditures:								
2007 Capital Budget & Future Year Commitments	93,984	77,402	12,662	2,781			261	15,704
Recommended Changes to Commitments			9,343				-261	9,082
2008 New/Change in Scope and Future Year Commitments			48,196	21,187	1,712			71,095
2009 - 2012 Plan Estimates				50,243	59,002	46,028	46,137	201,410
1-Year Carry Forward to 2008*		14,605						
Total Gross Annual Expenditures & Plan	93,984	92,007	70,201	74,211	60,714	46,028	46,137	297,291
Program Debt Target	31,470		35,130	36,681	41,483	41,500	41,500	196,294
Financing:								
Recommended Debt	50,520		38,010	40,681	45,858	41,500	41,500	207,549
Other Financing Sources:								
Reserves/Reserve Funds	21,927		15,952	6,007	1,955	1,208	1,037	26,159
Development Charges	8,355		5,677	7,076	4,865	1,820	3,100	22,538
Federal			500					500
Provincial	500							
Other Revenue	12,682		10,062	20,447	8,036	1,500	500	40,545
Total Financing	93,984		70,201	74,211	60,714	46,028	46,137	297,291
By Category:								
Health & Safety								
Legislated	1,232							
SOGR	42,020		33,975	29,826	30,045	30,628	37,087	161,561
Service Improvement	46,578		24,876	6,855	7,970	9,200	8,850	57,751
Growth Related	4,154		11,350	37,530	22,699	6,200	200	77,979
Total By Category	93,984		70,201	74,211	60,714	46,028	46,137	297,291
Yearly SOGR Backlog Estimate (not addressed by current plan)			35,151	26,572	21,565	28,687	15,078	127,053
Accumulated Backlog Estimate (end of year)		197,680	232,831	259,403	280,968	309,655	324,733	324,733
Operating Impact on Program Costs **				278	1,838	2,280	1,136	5,532
Debt Service Costs			1,140	5,402	5,851	6,289	5,810	24,492

* Note that the 1-Year Carry Forward reflects the budget submission as reflected in CAPTOR.

** The 2008 Operating Impact on Program Costs arises from Program capital projects approved in 2007 or prior years and is \$3.569 million.

5-Year Capital Plan Overview

Overview

- The Parks, Forestry and Recreation Recommended 5-Year Plan is aligned with the strategic directions provided through the Mayor's Mandate, Council's priorities and Council-approved strategic plans, including the recently Council-approved Parks, Forestry and Recreation strategic plan *Our Common Grounds*. The Plan also reflects recommendations contained in the *Recreation Facilities Report* and the *Indoor Pool Strategy Report*.
- The Recommended 5-Year Plan for the construction, preservation, and renovation of public buildings, parks, and infrastructure of the Parks, Forestry & Recreation Division is reflected in 12 key project areas: Community Centres; Pools (indoor and outdoor); Park Development; Arenas (indoor and outdoor); Special Facilities; Facility Components; Environmental Initiatives; Outdoor Recreation Centres; Parking Lots and Tennis Courts; Playgrounds and Waterplay; Trails and Pathways; and, Land Acquisition.
- Parks, Forestry and Recreation's 2008 Recommended Capital Budget and 2009-2012 Capital Plan, excluding unspent 2007 capital funding to be carried forward to 2008, totals \$297.591 million and requires cash flows of \$70.201 million in 2008; \$74.211 million in 2009; \$60.714 million in 2010; \$46.028 million in 2011; and \$46.137 million in 2012.
- The Parks, Forestry and Recreation Recommended 5-Year Plan meets the Council-approved debt affordability target in 2011 and 2012 but exceeds the targets in each of the other 3 years: by \$2.880 million in 2008, by \$4.000 million in 2009 and by \$4.375 million in 2010. See Multi-Year Affordability Target discussion on page 16 for details on the projects that put these annual requests over target.
- The Parks, Forestry and Recreation Recommended 5-Year Plan ensures a balanced approach in the provision of services in the context of the City's current fiscal reality. There is a strong emphasis on state-of-good-repair and an attempt to satisfy some demand for growth and service improvement. Of the \$297.591 million in funding for 2008-2012, the Recommended 5-Year Plan earmarks \$161.561 million (54%) for state-of-good repair initiatives, while the remaining \$136.030 million is reserved for service improvement and growth-related projects. Much of the latter, however, is to be funded from non-debt sources. Of the \$210.347 million in debt financing recommended over the 2008-2012 period, only 4% (\$9.082 million) is assigned to service improvement and growth-related initiatives.
- Parks, Forestry and Recreation's capital strategy includes leveraging partnership funding where possible and developing an achievable program which can be delivered within the planned timeframe so as to reduce the number of unfinished projects that are carried forward from year to year.
- Parks, Forestry and Recreation is responsible for assets worth several billion dollars ranging from parks, pools, recreation centres, arenas, seawalls, parking lots, trails and paths, water play areas, streetscapes, ferry boats and docks. Due to past funding limitations, however, the Program has accumulated a state-of-good-repair backlog estimated to be approximately \$197.680 million by the end of 2007. While the Recommended 5-Year Capital Plan addresses approximately 82%

(\$161.561 million) of this deferred maintenance tally, an average of \$64.947 million per year would be required over the next 5 years to eliminate the backlog entirely. This yearly sum alone is significantly greater than the Program's average annual debt target of \$39.259 million. Furthermore, not all facility audits have been completed to date. It is anticipated that present and future assessments could potentially double the current estimated state-of-good-repair backlog.

- The inclusion of service improvement and growth projects in the Parks, Forestry and Recreation Recommended 5-Year Plan is driven by reports endorsed by Council. For instance, the 2004 *Recreation Facilities Report* called for 14 new or significantly expanded community centres, 5-10 skateboard parks, 89 soccer pitches, 31 multi-purpose sports fields, a major competitive cricket facility, and additional off-road trails for cyclists, in-line skaters and pedestrians. Likewise, the *Toronto Bike Plan* recommends adding hundreds of new kilometres to the City's bike trail network. To accommodate this City-building agenda, average yearly funding of \$27.206 million is included in the Recommended 5-Year Plan in an attempt to address the various service improvement and growth expectations. These new facilities will be examined in the context of a framework for City-wide prioritization of new facilities, intended to ensure the optimal allocation of scarce funding for service improvement and growth initiatives across all City programs.
- In its 2007 and prior year budgets, Parks, Forestry and Recreation maximised the application of reserves and other offsetting funding to reduce the demand on debt where possible. As a result, compared to previous years, there is a significantly higher reliance on debt financing throughout the Recommended 2008-2012 Capital Plan. While non-debt financing, for example, accounted for \$43.464 million of Parks, Forestry and Recreation's 2007 Approved Capital Budget, such funding makes up only \$32.191 million of the 2008 Recommended Capital Budget. Moreover, debt comprises a progressively higher percentage of total financing throughout the Recommended 5-Year Plan, reaching 90% of planned expenditure in 2011 and 2012. However, it is expected that future-year plans will also include development-related funding that cannot be identified at this time.

Multi-Year Debt Affordability Target

The Parks, Forestry and Recreation Recommended 5-Year Capital Plan meets the Council-approved debt affordability target in 2011 and 2012 but exceeds the targets by the amounts indicated in each of the other 3 years for the following reasons:

- 2008: \$2.880 million, comprised of:
 - \$1.305 million for fleet required to implement various 2007 Council decisions and Program priorities identified in the 2008 Operating Budget submission; and
 - \$1.575 million for Priority Neighbourhood investments;
- 2009: \$4.000 million, comprised of:
 - \$1.000 million - for demolition of the Guild Inn;
 - \$3.000 million earmarked for Priority Neighbourhood investments;
- 2010: \$4.375 million earmarked for Priority Neighbourhood investments.

Recommended Changes to the 2007 – 2011 Capital Plan

Parks, Forestry and Recreation has made changes within the approved annual funding envelopes for 2008-2011 to address shifting priorities. The key new additions to the plan are listed and discussed in the Multi-Year Affordability Target section above.

Program Capacity and Readiness to Proceed

In the past, spending rates have not supported a capacity to expand the Parks, Forestry and Recreation capital budget. The Program has had a history of challenges in spending its annual approved capital cash flow. As the table below shows, the average spending rate for 2001 to 2007 is 60%. A Capital Budget Task Force was established in the 2007 budget process to address this issue. (See discussion on page 26.)

Parks, Forestry and Recreation's Spending Rates (\$000s)			
Year	Plan	Actuals	% Spent
2007*	93,984	77,402	82%
2006	115,714	64,784	56%
2005	88,757	42,631	48%
2004	77,506	47,160	61%
2003	72,914	44,659	61%
2002	65,341	31,853	49%
2001	63,788	39,749	62%
TOTAL	578,004	348,238	60%

*as projected in 2nd Quarter Variance Report

There are several key factors that contribute to the deliverables of a project. Some projects are delayed because third-party funding is not received as scheduled or land does not become available for acquisition during the budget year. The weather can also affect the delivery of a project as the Program estimates that approximately 60% of the work it does is outdoors. Parks, Forestry and Recreation also focuses its efforts to clear unfinished prior year projects, which affect the Program's capacity to commence new projects. Protracted public consultation processes are also a key factor in project delays.

Capital projects that are approved during the budget year outside of the budget process (in-year approvals) that do not have confirmed third-party funding or which cannot be completed within the remainder of the budget year also adversely impact the Program's spending rate.

In the 2007 budget process, City Council adopted a recommendation that all sub-projects with third-party financing be approved conditionally, subject to the receipt of such funding during 2007 and if such financing is not forthcoming, their priority and funding be reassessed by City Council relative to other City-financed priorities and needs. It is recommended that the sub-projects with third-party funding in the 2008 Recommended Capital Budget be subject to the same conditions as in 2007. The inclusion of such conditionally-approved projects in the Program's Capital Budget increases the likelihood of underspending if the third-party funding does not materialize. Consideration should be given to approving third-party funded projects only after the funds have been received.

In recent years, Parks, Forestry and Recreation has taken key steps to address the issues that impede project completion. Reorganizing the capital planning staff, improving procurement planning, utilizing pre-approved suppliers where feasible and revisiting cash flow assumptions for larger projects are all actions that have been implemented or are in progress. These steps have allowed the Program to boost spending to 56% in 2006 and projected expenditures to 82% in 2007.

An examination of the Program's capital budget suggests that there is further room for improvement in the phasing of larger construction projects. Parks, Forestry and Recreation should consider increasing its efforts to separate the consultation phases from the construction phases in its capital project planning.

In light of the uncontrollable nature of some of the factors impacting Parks, Forestry and Recreation's spending rates, the Program should consider taking advantage of the flexibility afforded by the 5-Year Capital Plan to move projects around within the Plan based on readiness to proceed, as long as the annual funding envelopes are maintained at the approved levels.

Given the steps taken by the Program, it is feasible that the Recommended 5-Year Capital Plan can be completed within the specified timelines and the funding targets that have been set.

Backlog of Projects – Unmet Needs

- The highest priority has been placed on state-of-good-repair in the 2008-2012 Capital Plan. The Program will continue to undertake state-of-good-repair audits of assets on a 3- to 5-year cyclical basis. Parks, Forestry and Recreation's state-of-good-repair work is driven by its Capital Asset Management Plan (CAMP).
- Delays in completing the state-of-good-repair backlog have a compounding impact. State-of-good-repair projects not completed within a reasonable timeframe often end up costing significantly more in the long run. There is also the consideration of inflation. Previous audits can become up to 4 years out-of-date before identified state-of-good-repair work can be undertaken and, by then, the costs estimated in those audits would be subject to significant inflation.
- The projected state-of-good-repair backlog based on actual figures during the year reported is estimated at:

End of next year (2008)	– \$232.831 million
End of five years (2012)	– \$324.733 million
End of ten years (2017)	– in excess of \$605.000 million
- Under contract with professional engineers, Parks, Forestry and Recreation's Facility Compliance Assessment audits focus mainly on major facilities (for example, ice rinks and aquatic centres). These are the most complex and costly facilities to maintain and operate and they have a significant impact on program delivery. Hence, they require more comprehensive state-of-good-repair audits. Many of the smaller structures are either less sophisticated or have less advanced operating systems (for example, park washrooms or tennis buildings). The detail provided from the visual audits and discussions with staff responsible for maintaining these structures is sufficient to deal with any concerns.

- Asset audits are on a 3- to 5-year cyclical basis. In addition to the completed audits, the Program has been and continues to proceed with repairs to its facilities. Over the past five years, over \$130.000 million has been budgeted to address state-of-good-repair concerns. Other state-of-good-repair recommendations arising from completed asset audits have not yet been implemented pending the availability of funding. The backlog of state-of-good-repair funding for audited structures is estimated to be \$232.831 million dollars by the end of 2008. This backlog estimate will increase as more detailed audit information is gathered as part of the 2007 audits currently being conducted.
- The more intensive Facility Compliance Assessment audits are ongoing to the major facilities (for example, community centres, pools and arenas) to reconfirm the scope and scale of the state-of-good-repair work needed by Parks, Forestry and Recreation and form the basis of state-of-good-repair estimates in the 2008-2012 Recommended Capital Plan. Facility Compliance Assessment audits assess the facility conditions against a variety of standards, Acts and Codes including the Occupational Health & Safety Act, the Canadian and Ontario Building Code and the Canadian Construction Association's Mould Remediation guideline (2004). Assessments consist of a wide range of information and include, but are certainly not limited to, the structural condition of the building, fire and life safety conditions, energy efficiency characteristics of current and associated systems and environmental issues pertaining to the Workplace Hazardous Materials Information System (WHMIS).
- State-of-good-repair audits completed to date include: indoor pools (35), outdoor pools (63), indoor arenas (53), artificial outdoor arenas (63), community centres (132), service buildings (97), clubhouses (94), public washrooms (55), field houses (73), concession facilities (13), Toronto Island buildings (50), parks buildings (628), parks bridges (298), parks parking lots (365), greenhouses (16), waterplay and splash pads (176), tennis courts and sports pads (265) and trails and pathways (580 km). Seawalls, Harbourfront Centre and ferry boat audits were completed in 2006. Other assets that remain to be audited include: ferry dock facilities, bocce courts, ball diamonds, cricket pitches, irrigation systems, fountains, boardwalks, and underground services. It is anticipated that facilities not yet audited will be undertaken within the next two to four years.
- Parks, Forestry and Recreation invested approximately an additional \$13.000 million in state-of-good-repair programs, such as Environmental Initiatives, a sports field investment program, a Parks and Facility rehabilitation program, a fitness equipment program, a golf course retrofit program and an erosion, health and safety program. New for 2008, a city-wide Tree Canopy Study will be conducted which will drive future capital requests, similar to the audits that have already been carried out.
- To ensure compliance with the revised Ontario Regulation 278/05 Designated Substance - Asbestos on Construction Projects and in Buildings and Repair Operations taking effect on November 1, 2007, detailed audits of all affected locations are expected to be completed by the fall of 2007. New regulations require that friable and non-friable asbestos containing materials are identified by location and type.
- Over the next ten years, Parks, Forestry and Recreation expects its state-of-good-repair backlog to grow to an estimated \$605.000 million.

Capital Project Highlights

Strategic Priorities:

The 5-Year Capital Plan advances with the following strategic priorities:

- ***Strengthen Our At-Risk Neighbourhoods***

The Parks, Forestry and Recreation Recommended 5-Year Capital Plan will continue to invest in recreational infrastructure in Toronto's Priority Neighbourhoods. Work will continue on a major renovation at Antibes Community Centre in the Westminster-Branson neighbourhood to include a community garden, in-house radio station, youth lounge and dance studio and improvements to the weight room at a cost of \$0.157 million. Other improvements include a youth lounge and new outdoor signage at the Scarborough Village Community Centre (\$0.075 million) and a new playground structure at Lochleven Park (\$0.080 million).

- ***Invest \$13 Million in 13 Priority Neighbourhoods***

Parks, Forestry and Recreation's Recommended 5-Year Capital Plan includes \$17.634 million gross – \$3.000 million in 2008; \$9.259 million in 2009; and \$4.375 million in 2010 – for the following 6 projects as Priority Neighbourhood investments: an accessible playground and equipment at Crescent Town; a multi-sports complex at the McGregor Community Centre and the construction of the Warden Corridor Community Centre, both in the Dorset Park neighbourhood; the expansion of the O'Connor Community Centre at Flemingdon Park-Victoria Village; a cricket pitch and soccer field at Panorama park in Jamestown; and an outdoor multi-purpose sports pad at Chester Le/Leacock Park in the Steeles-L'Amoreaux area; as well as for additional projects to be selected for 2009 and 2010 based on confirmed partnership leveraged offset funding.

- ***Make Progress On The Waterfront***

Most of the capital funding for waterfront parks does not reside within the Parks, Forestry and Recreation capital budget. However, working in partnership with other agencies and organizations, Parks, Forestry and Recreation will continue to improve the waterfront as it continues with the first phase of a multi-year state-of-good-repair program for Harbourfront Centre. The 5-Year Capital Plan includes \$5.300 million in funding for this initiative.

- ***Speed Up the Implementation of Toronto's Bike Plan***

The Parks, Forestry and Recreation 5-Year Plan includes \$6.300 million for the Toronto Bike Plan for state-of-good-repair funding to keep existing trails within parks in a proper state of maintenance as well as for asphalt repairs and appropriate signage work. Priorities will be determined in consultation with stakeholders.

- ***Make Toronto a Clean and Beautiful City***

Parks, Forestry and Recreation will continue to help ensure that public spaces, facilities, parks and ravines are maintained to meet service quality standards. The Program will demonstrate innovative approaches to beautification through landscaping designs and horticultural treatments in parks. The Recommended 5-Year Capital Plan includes \$0.600 million in funding for this initiative.

Other City Initiatives:

The Parks, Forestry and recreation Recommended 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							
Jenner Jean Marie CC	4,761					4,761	
Edithvale CC	1,000	9,800				10,800	
Regent Park-Lord Dufferin Pool	3,000	6,093	1,588			10,681	
Warden Corridor CC	1,460	7,675	124			9,259	
Canadian Tire CC		6,062	6,062			12,124	
York CC		5,000	10,000	6,000		21,000	
Lampport Stadium					6,350	6,350	
Roding CC						-	5,000
Rouge Community Park - New CC						-	5,200
Curran Hall						-	6,350
Sheppard Corridor Don Mills - New CC						-	8,500
Railway Lands - New CC						-	8,500
Central Waterfront - New CC						-	8,500
Ice Strategy						-	10,000
Port Union Expansion						-	11,000
40 Wabash Parkdale CC						-	12,600
Etobicoke City Centre CC						-	15,500
Western North York - New CC						-	15,600
North East Scarborough - New CC						-	21,500
Scarborough CC						-	21,500
Strategic Infrastructure Partnership U/T						-	25,000
Other Facilities projects	12,614	11,100	4,375	425	(4,150)	24,364	36,650
Sub-total	17,074	35,930	22,149	6,425	2,200	83,778	211,400
IT sub-projects							
Work Order System (3-1-1)	4,026					4,026	
Other IT projects	500	200	200	500	200	1,600	200
Sub-total	4,526	200	200	500	200	5,626	200
Total	21,600	36,130	22,349	6,925	2,400	89,404	211,600
Other Major City Initiatives:							
Clean and Beautiful City	200		200		200	600	600
Toronto Bike Plan	3,350	400	400	1,750	400	6,300	17,625
Our Common Grounds	2,150	3,500	3,700	3,500	3,700	16,550	21,350
Priority Neighbourhoods	1,575	3,000	4,375			8,950	
Total	7,275	6,900	8,675	5,250	4,300	32,400	39,575

Over the next 5 years, \$83.778 million is allocated for the construction and/or expansion of new facilities as well as the implementation of new information technology. This focus on new development is largely borne out of the Council-approved *Recreation Facilities Report* and the *3-1-1 Customer Service Strategy*. While the latter initiative requires Parks, Forestry and Recreation to

establish an automated work order system and a forestry call centre, the former document, as previously noted, calls for 14 new or significantly expanded community centres, 5-10 skateboard parks, 89 soccer pitches, 31 multi-purpose sports fields, a major competitive cricket facility, and additional off-road trails for cyclists, in-line skaters and pedestrians.

Other major City initiatives in the Parks, Forestry and Recreation 5-Year Capital Plan include \$0.600 million for Clean and Beautiful City, \$6.300 million for the Toronto Bike Plan, \$16.550 million over the next 5 years for *Our Common Grounds* for facility rehabilitation, accessibility improvements, signage and general capital asset management at various buildings and outdoor recreation centres, as well as emergency capital work. At-risk neighbourhoods, Malvern and Flemingdon Park, will benefit from \$0.240 million in enhancements. As part of the Priority Neighbourhood Investment initiative, Parks, Forestry and Recreation will invest \$8.950 million into 5 priority neighbourhoods over the next 3 years.

Summary:

- The Parks, Forestry and Recreation 5-Year Capital Plan will deliver a work order system as part of the 3-1-1 Customer Service Strategy and a security plan for various facilities.
- In terms of land acquisition, the Plan will deliver the completion of the acquisition of the Village Securities site.
- Outdoor recreation centre capital projects include the completion of the Tam Heather Tennis Dome; skateboard parks at Ashbridges Bay and City-wide; sports field improvements at 7 parks; soccer fields at 3 parks; and lighting at 3 parks.
- Park development will take place at 24 parks, including the Regent Park neighbourhood, and the development of bike trails in the former Canadian Pacific rail corridor.
- Waterplay areas or playgrounds will be installed or upgraded at 12 sites.
- Capital work will be undertaken at 5 pools including the redevelopment of Lord Dufferin Pool in Regent Park and the pool at the Flemingdon Park Recreation Centre.
- The Stephen Leacock Arena will be renovated, an outdoor ice rink will be built at Col. Sam Smith Park and a new field house will be built at Queensway Park.
- Work will continue on the Toronto Bike Plan and environmental initiatives such as the Tree Advocacy Program.
- Work will begin on special facilities like the Allan Gardens green house and the demolition of the Guild Inn.
- Finally, the Plan will deliver community centres such as the Jenner Jean-Marie and York Community Centre.

**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)		278			
Approved Positions					
Debt Service Charges (\$000s)	1,140	4,324	571	175	
Recommended 2009-2012 Capital Plan					
Program Costs (net) (\$000s)			1,838	2,280	1,136
Approved Positions					
Debt Service Charges (\$000s)		1,078	5,280	6,115	5,810
Total					
Program Costs (net) (\$000s)		278	1,838	2,280	1,136
Approved Positions					
Debt Service Charges (\$000s)	1,140	5,402	5,851	6,289	5,810
<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

The Parks, Forestry and Recreation Recommended 2008-2012 Capital Plan will increase future-year Parks, Forestry and Recreation operating budgets by approximately \$5.532 million net over the five-year period, with no impact in 2008 from projects in the 2008-2012 Plan.

The operating budget impacts of these Parks, Forestry and Recreation capital projects will be 100% City-funded.

These figures represent only an estimate of operating budget impacts and do not include positions required. It is recommended that the operating budget impacts arising from the approval of Parks, Forestry and Recreation's 2008-2012 Capital Plan be finalized and submitted to the Deputy City Manager and Chief Financial Officer by June 30, 2008.

There are also Parks, Forestry and Recreation operating budget impacts arising from other programs' capital budgets, such as City Planning, Toronto and Region Conservation Authority (TRCA) and the Waterfront Toronto. These agencies are working together with Parks, Forestry and Recreation to include in future-year capital budget submissions the operating impacts of their capital work on Parks, Forestry and Recreation's operating budgets.

**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	9,343	12,662		22,005		14,605	36,610	2,781					39,391
Change in Scope													0
New			42,836	42,836			42,836						42,836
New w/Future Year			5,360	5,360			5,360	21,487	1,712				28,559
Total Expenditure	9,343	12,662	48,196	70,201		14,605	84,806	24,268	1,712	0	0	0	110,786
Financing													
Debt	50	3,446	34,514	38,010	35,130	2,798	40,808	4,759	1,588				47,155
Subsidy (SCPI)													0
Prov. Subsidy/Grant						400	400						400
Development Charges	3,076	1,276	1,325	5,677		550	6,227	4,481					10,708
Other	2,860	2,316	4,886	10,062		4,045	14,107	11,485	124				25,716
Federal Grants			500	500			500						500
Reserves/Res Funds	3,357	5,624	6,971	15,952		6,812	22,764	3,543					26,307
Total Financing	9,343	12,662	48,196	70,201		14,605	84,806	24,268	1,712	0	0	0	110,786

Comments / Issues:

- The Parks, Forestry and Recreation 2008 Recommended Capital Budget is \$84.806 million gross. This includes \$9.343 million in unspent funding for projects approved in 2006 and prior years being carried forward to 2008, \$12.662 million in funding for previously-approved commitments, \$48.196 million for new projects and \$14.605 million in unspent funding for projects approved in 2007 to be carried forward to 2008.
- The 2008 Recommended Capital Budget will be financed by debt of \$40.408 million; provincial grants of \$0.400 million; Development Charges of \$6.227 million; other funding of \$14.107 million; federal grants of \$0.500 million; and reserve fund draws of \$22.764 million.
- Approval of the 2008 Recommended Capital Budget will result in new commitments of \$21.487 million in 2009 and \$1.712 million in 2010.

2008 Recommended Capital Budget

2008 Recommended Capital Budget versus Debt Target

The 2008 debt affordability guideline for Parks, Forestry and Recreation is set at \$35.130 million. This target represents a \$2.513 million or 8% increase from the \$32.617 million in new debt that was approved for 2007. The guideline also exceeds the Program's historical average debt allocation of \$25.500 million for the period 2001 to 2007.

The recommended debt level of \$38.010 million for new 2008 initiatives exceeds the corporate debt target by \$2.880 million. The over-target amount is for new fleet requirements to implement various service policy decisions approved or considered by Council in 2007 and subject to new funding in Parks, Forestry and Recreation's 2008 Operating Budget and for investments in Priority Neighbourhoods. See detailed discussion on page 12.

Recommended Capital Budget by Category

State-of-good-repair projects represent \$33.975 million or 48% of funding recommended in Parks, Forestry and Recreation's 2008 Recommended Capital Budget.

Service Improvement and Growth-Related projects represent \$36.226 million or 52% of the cash flow provided in Parks, Forestry and Recreation's 2008 Recommended Capital Budget. Major initiatives that fall within these categories include:

- Park Development (\$7.419 million), including \$2.350 million for the development of bike trails in the former Canadian Pacific rail corridor and \$1.400 million for fleet for maintenance of newly-planted street trees;
- Arenas (\$5.395 million), including renovations and retrofits at the Stephen Leacock Arena (\$2.455 million), a resubmission of the outdoor rink at the Col. Sam Smith Park (\$1.400 million) and a new field house at the Queensway Park (\$1.200 million);
- Community Centres (\$5.261 million), including additions to the Jenner Jean-Marie Community Centre (\$4.761 million);
- Facility Components (\$4.261 million), including \$2.026 million for the 3-1-1 Customer Service Strategy and \$1.365 million for the Security Plan; and
- Playgrounds and Waterplay (\$1.510 million).

PART II: ISSUES FOR DISCUSSION**2008 Capital Budget Issues****Additional Recommended Project Funding**

The following projects, funded by \$2.880 million in debt, have been recommended in Parks, Forestry and Recreation's 2008 Capital Budget in addition to the projects that are funded by the debt target of \$35.130 million.

Priority Neighbourhood Investments

Parks, Forestry and Recreation's 2008 Recommended Capital Budget includes \$1.575 million, over the debt target, for investments in priority neighbourhoods. This is in addition to funding for capital projects in those neighbourhoods that is already included in Parks, Forestry and Recreation's 2008 Capital budget within the debt target.

In 2007, over and above the funding already included in Parks, Forestry and Recreation's 2007 Capital Budget, \$0.714 million in new funding for was approved projects in priority neighbourhoods. Those projects are all scheduled for completion by the end of 2007.

A Partnership Opportunities Legacy Program has been developed to leverage City funding new recreation facilities such as playgrounds, parks, basketball courts, and other infrastructure improvements in priority neighbourhoods. To that end, the following 5 projects with confirmed third-party funding have been added to Parks, Forestry and Recreation's 2008 Capital Budget:

- Accessible playground and equipment at Eastdale Parkette in Crescent Town (\$0.150 million gross, \$0.050 million debt);
- Renovation of tennis court into multisport complex at McGregor Community Centre at Dorset Park (\$0.500 million gross, \$0.200 million debt);
- Expansion of O'Connor Community Centre in the Flemington Park-Victoria Village area to provide additional youth programming space (\$1.600 million gross, \$1.000 million debt);
- Cricket pitch and soccer field at Panorama Park in Jamestown (\$0.400 million gross, \$0.200 million debt); and
- Outdoor multipurpose sports pad at Chester Le/Leacock Park in the Steeles-L'Amoreaux area (\$0.350 million gross, \$0.125 million debt).

New Fleet Acquisitions

The 2008 Recommended Capital Budget includes \$1.305 million, over the debt target, to acquire new fleet for:

- Maintenance of Newly Planted Street Trees (\$1.400 million): To ensure healthy tree growth, reduce long-term maintenance costs and prevent the early demise of trees, 7 chipper trucks (approximately \$0.100 million each) and 7 medium-sized chippers (approximately \$0.045 million each) are required for field staff;
- Hazard Tree Abatement (\$0.150 million): To minimize personal and property damage from hazardous trees, 3 hybrid trucks with ramps (\$0.040 million each) and 3 all-terrain vehicles (\$0.009 million each) are required for forepersons and contract crews pruning and/or removing trees in ravines and parkland; and
- Flemington Park Master Plan (\$0.140 million): To maintain the sports fields at Flemington Park, a 12-foot riding rotary mower and a Madvac litter vacuum are required.

The 2008 Recommended Capital Budget includes these items since these relate to either the preservation of existing assets or potential liabilities to the City.

These fleet requests result from pending 2008 Operating Budget decisions. Therefore, it is recommended that approval of the recommended fleet capital projects be conditional upon the approval of the associated Operating Budget items.

5-Year Capital Plan Issues

Additional Recommended Project Funding***Priority Neighbourhood Investments***

The 2009 and 2010 estimates in Parks, Forestry and Recreation's Recommended 5-Year Capital Plan are over the debt targets by \$3.000 million and \$4.375 million respectively as additional funding for investments in priority neighbourhoods. These overages have been recommended as part of the Partnership Opportunity Legacy Fund. (See discussion on page 22.) These investments are in addition to funding for capital projects in those neighbourhoods that is already included within the annual debt targets in Parks, Forestry and Recreation's 2009-2012 Capital Plan.

Of the 2009 recommended debt funding of \$3.000 million, \$2.000 million will go toward the construction of the \$9.259 million Warden Corridor Community Centre at Dorset Park. The remaining \$1.000 million in funding for 2009 is yet to be allocated.

Similarly, for 2010, the \$4.375 million in funding will be allocated at a later point in time as leveraging opportunities are identified and confirmed.

In addition to the Priority Neighbourhood Investments through Parks, Forestry and Recreation's capital budgets with a net City cost of \$9.665 million over 2007-2010, there are also investments through other City Divisions – namely Toronto Public Library, Children's Services and Facilities and Real Estate – with an aggregate net City cost of \$3.335 million, for a total of \$13.000 million.

Guild Inn Demolition

The Recommended 5-Year Capital Plan includes \$1.000 million, over the debt target in 2009, to demolish the 6-storey hotel structure adjunct to the heritage building which will remain, following the failure to secure an agreement with a private sector partner in 2007 for the Guild Inn Revitalization project in the Economic Development, Culture and Tourism 2007-2011 Capital Plan. The demolition of the hotel structure will generate annual savings of \$0.125 million in the Parks, Forestry and Recreation operating budget starting in 2010 since the Program will no longer incur those maintenance costs.

Capital Pressures

The following factors will exert pressure on the Parks, Forestry and Recreation capital program over the next 5 to 10 years. The requirement to address state-of-good-repair priorities consumes the majority of Parks, Forestry and Recreation's debt funding. This leaves less funding to address service improvement and growth projects as well as emerging needs than would be desirable.

Railway Lands Community Centre

The Railway Lands Community Centre project, which is currently shown to start in 2013, beyond the current 5-Year Plan, is not aligned with the schedule for this multi-partner development project. The total capital funding required for the community centre in current dollars is \$13.900 million. This \$13.900 million is made up of \$5.400 million which has been earmarked for the community centre from the Railway Lands development levy fund, (of which \$1.900 million has been received to date), as well as an \$8.500 million debt funding pressure on the Parks, Forestry and Recreation capital budget. The Railway Lands redevelopment initiative will be coordinated corporately.

Ferries

Transport Canada has developed new regulations which require water vessels carrying more than 400 passengers to be modified to comply with flooding requirements. These regulations apply to the ferries, *Thomas Rennie* and *Sam McBride*. If Transport Canada insists that the modifications must be done immediately, there could be a requirement to add \$5.000 million to the 2008 Capital Budget. However, Parks, Forestry and Recreation staff are in discussions with Transport Canada to come to an agreement to make the necessary adjustments over time, in which case, the requirement for the \$5.000 million would be in the 2009 and 2010 Capital Budgets. There is also a possibility that the long-term capital plan to replace the ferries with new, compliant vessels could exempt the Program from the requirement to modify the existing vessels.

Seawalls

Parks, Forestry and Recreation has completed an audit of the seawalls from the Island Airport ferry terminal to the area just east of the Toronto Island ferry terminal at the foot of Yonge Street. The audits identified an immediate concern of \$15.000 million worth of work and identified a need for an additional \$20.000 million over the next 10 years. The primary issue is ownership. In many cases, only the first metre of land at the water's edge is under the jurisdiction of Parks, Forestry and Recreation; the balance of the land away from the edge is under another jurisdiction – Federal and/or Provincial. If the waterfront is truly to become a focal point for the City, then the partnership issue must be addressed through a multi-level intergovernmental approach and coordinated budgets to address the immediate backlog and future work identified. This item is not included in the Parks, Forestry and

Recreation 2008-2012 Capital Plan but the program is working with the Waterfront Secretariat to resolve jurisdictional issues.

Strategic Plans and Studies

Parks, Forestry and Recreation's 2008-2012 Recommended Capital Plan was developed in accordance with the strategic directions and principles approved by Council in various strategic documents, including the recently approved Parks, Forestry and Recreation Strategic Plan, *Our Common Grounds*. In addition, the Program supports corporate-wide strategic plans such as the Official Plan, the Environmental Plan and the Waterfront Plan. These new facilities will be examined in the context of a framework for City-wide prioritization of new facilities, intended to ensure the optimal allocation of scarce funding for service improvement and growth initiatives across all City programs.

Parks, Forestry and Recreation's 2008-2012 Recommended Capital Plan is also based on a number of extensive studies:

1. The *Recreation Facilities Report*, which reviews the current status of major recreation facilities, including indoor and outdoor pools, community centres, outdoor sports fields, tennis courts, indoor and outdoor arenas, skateboard parks and specialty facilities such as bocce, golf courses and skiing and snowboarding. It is recommended that the new facilities identified in the *Recreation Facilities Report* be referred to the corporate review process to prioritise new facilities across all City programs.
2. The *Toronto Bike Plan*, which outlines development initiatives within park spaces for the ten-year planning cycle.
3. The *Indoor Pool Strategy, Phase 1* provides direction on indoor pools as part of Toronto's aquatic facility system. This phase outlined scenarios for long term pool provision, based on a variety of analysis, including pool utilization, geographic coverage, and public input. Council adopted the report's proposed vision for aquatic services and indoor pools, and directed staff to proceed with Phase two, which will develop pool scenarios further and recommend one for implementation over the next 20 years. Starting in 2012, the Program has submitted a capital project in the amount of \$2.000 million as a starting point; however this will not meet the expectations of the Council or stakeholders.
4. State-of-good-repair audits of Parks, Forestry and Recreation assets will continue to focus on large assets such as community centres, arenas and pools. New audits will include irrigation systems, fountains, ferry dock facilities and sports facilities.
5. Parks, Forestry and Recreation has developed further plans to guide future capital work on its assets. The *Parks Renaissance Strategy* and the *Ice Strategy* are expected to be presented to Council in the near future.

Parks, Forestry and Recreation's new and state-of-good-repair projects take into consideration any potential 'greening'. For example, Parks, Forestry and Recreation incorporates solar energy, where possible.

The Program should consider prioritizing projects in its 2013-2017 capital forecast and identifying the highest ranked projects for allocation within annual funding envelopes (for service enhancement and growth projects) that are at similar levels to those in the 2008-2012 Capital Plan.

Aging Infrastructure

The majority of Parks, Forestry and Recreation's recreational infrastructure is more than 20 years old. As such, Parks, Forestry and Recreation faces the challenge of an ever-increasing demand for state-of-good-repair and health and safety investments to maintain its aging infrastructure.

The Recommended 5-Year Capital Plan has been developed based on asset condition audits, development initiatives, official plan and community needs assessment. The current funding envelope is insufficient to sustain the needs. Financial pressures from the state-of-good-repair backlog have hampered the ability keep abreast of trends and to partner with outside groups for new growth related projects.

Growing and Changing Population in Toronto

The *Recreation Facilities Report* identified the need for 14 new community centres by 2014, 89 new sports fields by the year 2011, and the need for other recreation facilities. These new facilities are required to meet current needs and the intensification and redevelopment of areas as identified in the Official Plan, forecasted growth of the City's population by at least 300,000 by 2011, as well as changing demographics of Toronto's diverse communities. Parks, Forestry and Recreation's 2008-2012 Capital Plan contains \$52.085 million in funding for 5 of the recommended community centres: Jenner Jean-Marie(Thorncldffe), York, Edithvale, Sheppard Corridor (Bayview/DonMills) and O'Connor (expansion). The Program's 2013-2017 capital forecasts requires a further \$119.200 million for the other 6 recommended community centres and further expansion of the O'Connor Community Centre but it is unlikely that the City will be able to fund that full amount. Therefore, the Program should consider prioritization and alternative sources of funding to meet these new growth demands.

Budgeting and Financing Issues***Capital Budget Task Force***

In the 2007 budget process, City Council adopted the following recommendation:

the Chairs of the Budget Committee, the Parks and Environment Committee, and the Community Development and Recreation Committee form a task force:

- a. to investigate ways of improving the capital project completion rate within Parks, Forestry and Recreation;
- b. to find ways and means of increasing the capital allocation for Parks, Forestry and Recreation in 2008 and beyond, while respecting the City-wide corporate debt guideline; and that they work in conjunction with the City Manager's Office and other appropriate staff.

The Task Force met in June and July 2007 and a report will be submitted to Budget Committee. (See the discussion on pages 13-14 on Program Capacity and Readiness to Proceed.)

Development Charges

The Parks, Forestry and Recreation Recommended 2008-2012 Capital Plan includes \$23.088 million in funding from development charges. It is recommended that Parks, Forestry and Recreation continue to monitor future-year projects with a view to identifying those that are eligible for Development Charge funding and modify the 5-Year Capital Plan to incorporate this source of funding. It is expected that the Development Charges By-Law review will result in future Development Charges funding for Parks, Forestry and Recreation's growth projects.

Increasing Reliance on Debt as a Funding Source

The ability of Parks, Forestry and Recreation to utilise reserves to fund new/growth projects has been drastically impaired by the depletion of the pre-amalgamation reserve funds as a result of previous corporate direction to maximise capital funding from reserve funds. This has led to an increasing reliance on debt to fund new projects.

Reserve Funds have been maximized to the greatest extent possible to reduce the demand on debt. Considering that the cash-in-lieu and development charge reserve funds will continue to grow year by year, they do not grow at the same rate due to development trends around the City. The cash-in-lieu District funds for the North and South Districts grow at about \$0.700 million per year, which is about twice the rate of the East and West District funds. These funds and their growth potential have been challenged recently by the trend of Councillors to redirect the cash-in-lieu contributions to their own ward projects instead of allowing more important projects to go forth using the funds as they were originally intended. Based on the last 5 years, the development charge reserve fund is estimated to grow at about \$4.000 million per year.

In 2005, 2006, 2007 and this 2008 5-Year Capital Plan, in order to deal with the growth and improvement components of the budget, Parks, Forestry and Recreation maximized the application of reserves and other offsetting funding to reduce the demand on debt where possible. With dwindling reserves, there is a significantly higher reliance on debt financing in 2008-2012.

Parkland Acquisition

A report from Parks, Forestry and Recreation on parkland acquisition and a parkland dedication strategy was due in the spring of 2007. It is currently scheduled to be tabled at the Parks and Environment Committee in November 2007. To comply with capital budget policy, it is recommended that this report include a 5-year plan for parkland acquisition that could be included in the Parks, Forestry and Recreation 2008 Capital Budget and 2009-2012 Capital Plan as an adjustment upon approval of the parkland acquisition report.

Emergency Fund

The Parks, Forestry and Recreation 2008-2012 Capital Plan requests \$0.500 million each year for its Capital Emergency Fund sub-project.

It is recommended that the approval of the 2008 request be subject to the conditions listed below, which are the same as in 2007, with a report on the use of the 2008 funding to be submitted to Budget Committee at the time of consideration of the 2009 Capital Budget.

- (a) projects funded must be demonstrable emergencies presenting a safety or security hazard, or impacting current operations, with a potential for significant damage resulting from the continuation of the problem identified;
- (b) all projects charged to the 2008 Capital Emergency Fund sub-project must be reported to Finance staff to ensure structures are provided to ensure accountability;
- (c) use of the funding must be reported in all variance reports and to Budget Committee at the time of consideration of the 2009 Capital Budget; and
- (d) any unspent balance at year-end cannot be carried forward.

Issues Referred to the Budget Process

Issues Referred to 2008 Capital Budget Process

At its meeting on June 6, 2007, the Parks and Environment Committee recommended that an additional \$0.958 million in operating funding and \$0.445 million in capital funding for the maintenance of commercial trees be included in the 2008 Parks, Forestry and Recreation operating and capital budget submissions and referred report *PE5.3 - Commercial Tree Removal, Replacement and Maintenance* for consideration to the 2008 budget process. Commercial street trees are either set into the sidewalk or in a raised container. Parks, Forestry and Recreation's 2008 Recommended Capital Budget does not include the requested \$0.445 million for the acquisition of 1 radical boom truck (\$.0150 million), 1 hydrovac truck (\$0.250 million and 1 pickup truck (\$0.045 million) to facilitate the maintenance of commercial street trees.

Outstanding Issues from Prior Years

During the 2007 budget process, City Council appointed a Task Force comprised of the Chairs of the Budget Committee, the Parks and Environment Committee, and the Community Development and Recreation Committee form a task force to investigate ways of improving the capital project completion rate within Parks, Forestry and Recreation and to find ways and means of increasing the capital allocation for Parks, Forestry and Recreation in 2008 and beyond, while respecting the City-wide corporate debt guideline. A report to Budget Committee on the outcome of the Task Force is outstanding.

The Parks and Environment Committee requested a report from Parks, Forestry and Recreation on parkland acquisition and the strategy for parkland dedication, detailing how parkland deficiencies are determined, the approach to acquiring parkland, the process for allocation park levies obtained from development and options for alternative sources of funding. The recommendations and disposition of this report will impact future capital budgets' treatment of parkland acquisition. This report is scheduled to be submitted to the Parks and Environment Committee in November 2007.

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)

2008-2017 Capital Program

Parks, Forestry and Recreation

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Projected Balance as of December 31, 2007 (\$000)	Proposed Withdrawals (\$000)					Total 5-Year Plan			
			2008	2009	2010	2011	2012				
XR2002 Park Acq. - ET - pre 99	Queensway Park - Baseball Lighting	30			(30)			(30)			
XR2003 Parkland Acq. - former Metro	Play Area Enhancements FY2008	579	(410)					(410)			
XR2007 Park Acq. - SB - pre 99	Galloway Park Skateboard Park	1,524		(100)				(1,504)			
	Warden Corridor Community Centre - Construction		(1,114)	(290)							
			(1,114)	(390)							
XR2036 Parkland Acquisition - ET	Queensway Park - Baseball Lighting	216			(68)			(68)			
XR2038 Parkland Development - ET Local	Neilson Park (E) Develop soccer field	321		(37)				(292)			
	Queensway Park - Baseball Lighting				(175)						
	Sir Casimir Gzowski Park Playground		(80)								
			(80)	(37)	(175)						
XR2040 Parkland Acquisition - NY	Harryetta Gardens Park Waterplay	81		(81)				(81)			
XR2042 Parkland Development - NY Local	Harryetta Gardens Park Waterplay	127		(26)				(126)			
	Toronto Bike Plan - City Wide Expansion (TBP) FY2011					(100)					
				(26)		(100)					
XR2048 Parkland Acquisition - SB	Port Union CC Fitness Centre - Replace Fitness Equipm	78	(44)					(44)			
XR2050 Parkland Development - SB Local	Eastview Park Splash Pad	131	(73)					(130)			
	Port Union CC Fitness Centre - Replace Fitness Equipm		(57)								
			(130)								
XR2052 Parkland Acquisition -TO	Lord Dufferin Pool-Replace existing Pool-	580	(579)					(579)			
XR2054 Parkland Development -TO Local	Ireland Park Gates and Fencing	322	(100)					(321)			
	Toronto Bike Plan - City Wide Expansion (TBP) FY2010				(50)						
	Toronto Bike Plan - City Wide Expansion (TBP) FY2011					(100)					
	Wychwood Community Park		(71)								
			(171)		(50)	(100)					
XR2203 Parkland Acq-West Dist Local Dev	Sports Fields FY2008	1,174	(200)					(1,130)			
	York Community Centre - New Facility Construction (RFR #1)			(930)							
			(200)	(930)							
XR2205 Parkland Acq-East Dist Local Dev	Adams Park -Irrigation System/Backstop Upgrade (SFP)	713				(46)		(648)			
	Eastview Park Splash Pad		(280)								
	Galloway Park Skateboard Park			(100)							
	Morningside Yard-soccer fields				(138)						
	Port Union CC Fitness Centre - Replace Fitness Equipm		(49)								
	Warden Corridor Community Centre - Construction		(35)								
			(364)	(100)	(138)						
XR2207 Parkland Acq-North Dist Loc Dev	City Wide Environmental Initiatives - FY2010	1,252			(144)			(968)			
	Harryetta Gardens Park Waterplay			(90)							
	J. T. Watson Park-Redevelopment of entire Park		(35)	(400)							
	O'Connor C.C. New Waterplay				(299)						
			(35)	(490)	(443)						
XR2209 Parkland Acq-South Dist Local Dev	Glen Stewart Ravine Management Plan Implementation	3,954				(300)		(3,485)			
	Lord Dufferin Pool-Replace existing Pool-			(2,541)							
	Lower Don- Eviron Restoration & Access		(115)								
	Wychwood Community Park		(529)								
XR2210 Parkland Acq-City Wide Land Acq		7,761	(644)	(2,541)				(1,000)			
	Parkland Acquisition - FY2008		(200)								
	Parkland Acquisition - FY2009			(200)							
	Parkland Acquisition - FY2010				(200)						
	Parkland Acquisition - FY2011					(200)					
	Parkland Acquisition - FY2012						(200)				
XR2211 Parkland Acq-City Wide Development	City Wide Environmental Initiatives - FY2008	5,716	(200)	(200)	(200)	(200)	(200)	(6,277)			
	City Wide Environmental Initiatives - FY2009		(250)								
	City Wide Environmental Initiatives - FY2010			(250)							
	City Wide Environmental Initiatives - FY2011				(250)						
	City Wide Environmental Initiatives - FY2012					(250)					
	Community Garden FY2012						(50)				
	Eastview Park Splash Pad		(6)								
	Erosion, Health & Safety, Asset Pres. FY2008		(200)								
	Erosion, Health & Safety, Asset Pres. FY2009			(25)							
	Erosion, Health & Safety, Asset Pres. FY2010				(200)						
	Erosion, Health & Safety, Asset Pres. FY2011					(25)					
	Erosion, Health & Safety, Asset Pres. FY2012						(200)				
	Fitness Facilities & Equipment Rehab. FY2008		(75)								
	Forest Canopy Study		(350)								
	Galloway Park Skateboard Park			(200)							
	Golf Course-CW Tee Renon Traps, Enhance FY2008		(200)								
	Investigation and Pre-Engineering FY2008		(37)								
	Investigation and Pre-Engineering FY2009			(37)							
	Investigation and Pre-Engineering FY2010				(37)						
	Investigation and Pre-Engineering FY2011					(37)					
	Investigation and Pre-Engineering FY2012						(37)				
	Lord Dufferin Pool-Replace existing Pool-		(521)	(62)							
	Maher Parkette-Excavation(aka Roehampton)		(150)								
	Megan Park Upgrades		(225)								
	Morningside Yard-soccer fields				(137)						
	Neilson Park (E) Develop soccer field			(38)							
	Noble Park - Revitalization of park		(100)								
	Play Area Enhancements FY2008		(490)								
	Play Area Enhancements FY2009			(150)							
	Play Area Enhancements FY2010				(150)						
	Play Area Enhancements FY2011					(150)					
	Play Area Enhancements FY2012						(150)				
	Queensway Park - Baseball Lighting				(64)						
	Queensway Park - Baseball Lighting				(13)						
	Toronto Bike Plan - City Wide Expansion (TBP) 2008		(200)								
	Toronto Bike Plan - City Wide Expansion (TBP) FY2009			(200)							
	Toronto Bike Plan-CW Expansion (TBP) FY2012						(200)				
	Warden Corridor Community Centre - Construction		(311)								
				(3,115)	(962)	(851)	(462)		(887)		
	Total Proposed Withdrawals			(7,086)	(5,757)	(1,955)	(862)		(1,087)	(16,747)	

Note: The proposed withdrawals from XR2211 over the 5-year period exceed the projected balance as at December 31, 2007. It is expected that contributions will be made to this reserve fund during the 5-year period to fund the proposed withdrawals.