

# 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 \$16.039 million was 11%, or \$1.745 million spent as of June 30, 2007. Actual expenditures by year-end are projected to be \$14.201 million or 89% of the 2007 Approved Capital Budget of \$16.039 million. Under spending is mainly due to modifications to the plans at 129 Peter Street to accommodate a roof-top smoking area, delays in the IT projects, and in the capital maintenance projects.
- The 2008 Recommended Capital Budget, the 2009 to 2012 Capital Plan and the 2013 to 2017 Estimates total \$28.637 million, of which \$18.425 million is projected for the Program's 5-Year Capital Plan, require cash flow of \$5.154 million in 2008; \$3.647 million in 2009; \$3.150 million in 2010; \$3.274 million in 2011; and \$3.200 million in 2012. A total of \$10.212 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 has been reduced from previous years as a result of a decline in shelter occupancy levels. It includes funding of \$2.337 million for the completion of three previously approved shelter projects that will deliver 132 beds, of which 62 are new and 70 are replacement beds. Future-year shelter projects include funding of \$7.024 million to develop shelters beds, with details to be reported to Budget Committee in 2008.
- The 5-Year Capital Plan includes funding of \$0.573 million in 2008 and \$3.600 million in future years that will reduce the SOGR backlog from \$2.800 million to \$1.600 million by 2012.
- The 2008 Recommended Capital Budget, including new and previously approved projects requires cash flow of \$5.154 million with debt funding of \$4.125 million. This cash flow, combined with funding the 2007 carry forward into 2008 of \$1.838 million, brings the total 2008 Recommended Capital Budget to \$6.992 million, of which \$4.708 million, or 67% is funded by debt.
- The 2008 Recommended Capital Budget includes new funding to establish the 129 Peter Street Shelter and Referral Centre (40 beds), at a cost of \$1.934 million. New funding of \$0.573 million is also recommended for ongoing SOGR maintenance projects for City owned/ leased shelters, which is financed by debt.
- The 2008 Recommended Capital Budget also includes funding for the following: two previously approved shelters with identified locations that include: Eva's Youth Shelter (32 beds, \$0.500 million); Bethlehem United Shelter (60 beds, \$0.250 million); the development of two IT systems that include: the Shelter Management Information System (SMIS) (\$0.744 million) and the Social Housing Administration System (SHAS) (\$3.500 million); and ongoing capital maintenance, which includes the HVAC Upgrade for Seaton House (\$0.873 million).

- The 2008 Recommended Capital Budget will require additional operating costs of \$0.900 million in 2008 and \$0.871 million in 2010 as new and replacement shelters and the Social Housing Administration System are completed.

### **Recommendations**

The City Manager and the Chief Financial Officer recommend that:

1. the 2008 Recommended Capital Budget for Shelter, Support, and Housing Administration with a total project cost of \$2.507 million and a 2008 cash flow of \$6.992 million and future year commitments of \$2.647 million be approved. The 2008 Recommended Capital Budget consists of the following:
  - a) New Cash Flow Funding for:
    - i) 7 new and change in scope sub-projects with a 2008 total project cost of \$2.507 million that requires cash flow of \$2.160 million in 2008 and \$0.347 million in 2009;
    - ii) 5 previously approved sub-projects with a 2008 cash flow of \$2.729 million and a future year commitment of \$1.700 million in 2009 and \$0.600 million in 2010;
    - iii) 1 previously approved sub-project with carry forward funding from 2006 and prior years requiring 2008 cash flow of \$0.265 million, which forms part of the affordability targets that requires Council to reaffirm its commitment; and
  - b) 2007 approved cash flow for 8 previously approved sub-projects with carry forward funding from 2007 into 2008 totalling \$1.838 million;
2. new debt service costs of \$0.124 million in 2008 and incremental costs of \$0.505 million in 2009; \$0.205 million in 2010; and \$0.066 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 \$0.900 million for 2008 and \$0.871 million of 2010 emanating from the approval of the 2008 Recommended Capital Budget be considered within the overall scope of the Shelter, Support and Housing Administration's 2008 and future years' operating budget submissions;
4. the 2009-2012 Capital Plan for Shelter, Support, and Housing Administration totalling \$13.271 million in project commitments and estimates, comprised of \$3.647 million in 2009; \$3.150 million in 2010; and \$3.274 million in 2011, and \$3.200 million in 2012 be approved;
5. the streetscape initiative at the 129 Peter Street Shelter and Referral Centre be approved, subject to the receipt of funding from the Section 37 agreement; and
6. the General Manager of Shelter, Support and Housing Administration report to the Budget Committee in 2008 on the details of a future year shelter plan, including the cost per bed estimates, the number new and replacement beds to be delivered, and the year the beds will go into service.

## 2007 Capital Variance Review

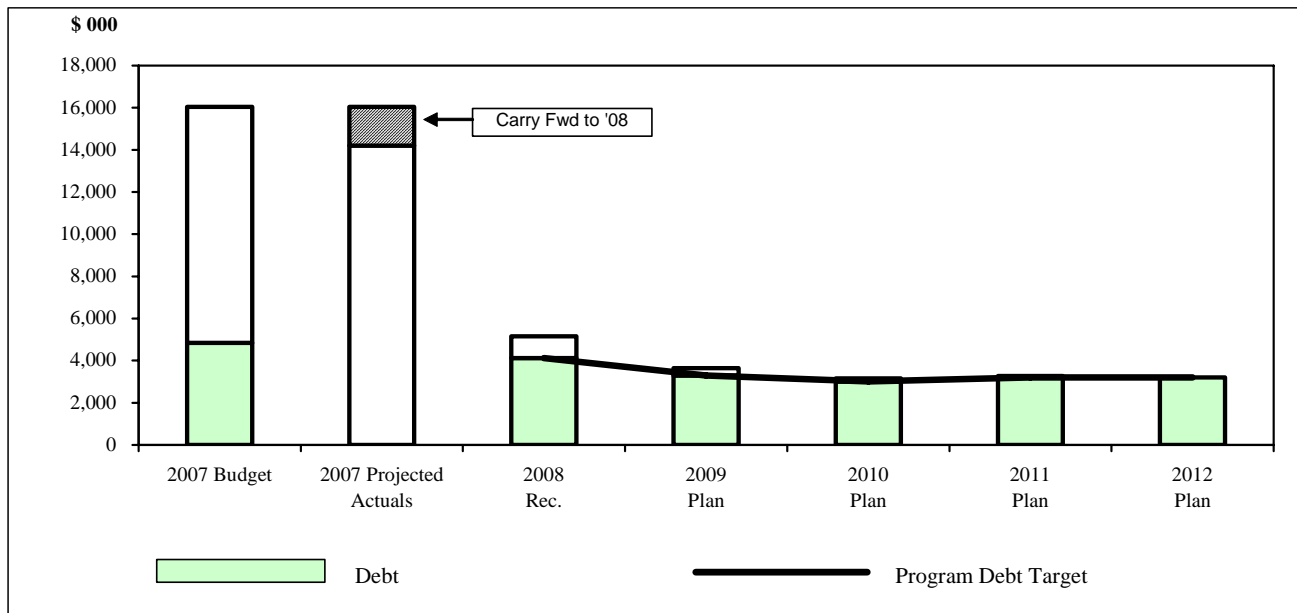
2007 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2007 Approved	Actuals as of June 30 (2nd Qtr Variance)		Projected Actuals at Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
16,039	1,745	11	14,201	89	1,838

\* Note: the Projected Actual used in the 2007 2nd Quarter Capital Variance Report of \$14.774 million has been revised by \$0.573 million to reflect more up to date projections.

## Comments / Issues:

- At the end of the 2<sup>nd</sup> quarter, Shelter Support and Housing Administration spent \$1.745 million or 11% of its 2007 Approved Capital Budget of \$16.039 million. Project work is well underway, with the majority of the spending projected to occur in the second half of the year.
- Shelter Support and Housing Administration's projected year-end spending for 2007 approved projects is \$14.201 million, or 89%, based the most up to date spending projections. As the Program is projecting substantial completion of the Bethlehem United (\$3.387 million) in 2007, and substantial completion of Eva's Youth Shelter (\$2.878 million) in early 2008, this represents an improvement over the 54% spending rate achieved in 2006.
- Project under spending will be carried forwarded into 2008 as follows:
  - Modifications to the architectural plans to accommodate the roof-top smoking area have pushed the building modifications/ renovations at the 129 Peter Street Shelter (\$5.501 million) behind schedule, resulting in projected year-end under spending of \$0.842 million;
  - Completion of the Shelter Management Information System (\$1.732 million) is behind schedule, as the contract with the original vendor was terminated, resulting in the need to issue a new RFQ. Projected year-end under spending on this project is projected to be \$0.757 million, (which will result in a 2006 carry forward funding requirement for 2008 of \$0.265 million).
  - The design of the Social Housing Administration System (\$1.023 million) is behind schedule, as there have been delays in recruiting staff, resulting in projected under spending of \$0.210 million by year-end.
  - Completion of the design specifications for the washroom renovations at Women's Residence took longer than planned, resulting in a delay in issuing RFPs for the state-of-good repair maintenance in City-owned hostels (\$0.868 million). The delay will result in projected under spending of \$0.173 million at year end; and
  - The RFP for the design of the HVAC Seaton House project (\$0.300 million) will be awarded in the third quarter. This was delayed pending completion of the ventilation best practices by Public Health, resulting in projected under spending of \$0.100 million at year-end.

## 5-Year Capital Plan (2008-2012)



	2007		5-Year Plan					
	Budget	Projected Actual	2008	2009	2010	2011	2012	2008-2012
<b>Gross Expenditures:</b>								
2007 Capital Budget & Future Year Commitments	16,039	14,201	3,329	1,700				5,029
Recommended Changes to Commitments			(335)		600			265
2008 New/Change in Scope and Future Year Commitments			2,160	347				2,507
2009 - 2012 Plan Estimates				1,600	2,550	3,274	3,200	10,624
1-Year Carry Forward to 2008		1,838						
<b>Total Gross Annual Expenditures &amp; Plan</b>	<b>16,039</b>	<b>16,039</b>	<b>5,154</b>	<b>3,647</b>	<b>3,150</b>	<b>3,274</b>	<b>3,200</b>	<b>18,425</b>
<b>Program Debt Target</b>	<b>5,500</b>		<b>4,125</b>	<b>3,300</b>	<b>3,012</b>	<b>3,200</b>	<b>3,200</b>	<b>16,837</b>
<b>Financing:</b>								
Recommended Debt	4,842		4,125	3,300	3,012	3,200	3,200	16,837
<b>Other Financing Sources:</b>								
Reserves/Reserve Funds								
Development Charges	183		182		138	74		394
Federal	8,402		500					500
Provincial								
Other Revenue	2,612		347	347				694
<b>Total Financing</b>	<b>16,039</b>		<b>5,154</b>	<b>3,647</b>	<b>3,150</b>	<b>3,274</b>	<b>3,200</b>	<b>18,425</b>
<b>By Category:</b>								
Health & Safety	3,393		800					800
Legislated								
SOGR	1,003		573	900	900	900	900	4,173
Service Improvement	11,643		3,781	2,747	2,250	2,374	2,300	13,452
Growth Related								
<b>Total By Category</b>	<b>16,039</b>		<b>5,154</b>	<b>3,647</b>	<b>3,150</b>	<b>3,274</b>	<b>3,200</b>	<b>18,425</b>
Yearly SOGR Backlog Estimate (not addressed by current plan)				(300)	(300)	(300)	(300)	(1,200)
Accumulated Backlog Estimate (end of year)		2,800	2,800	2,500	2,200	1,900	1,600	1,600
<b>Operating Impact on Program Costs</b>			900		871			1,771
<b>Debt Service Costs</b>			124	505	205	66		900

\* Note: the Projected Actual used in the 2007 2nd Quarter Capital Variance Report of \$14.774 million has been revised by \$0.573 million to reflect the latest projections.

### **5-Year Capital Plan Overview**

- The Recommended 5-Year Capital Plan provides for 132 beds, including 62 new and 70 replacement beds, at a cost of \$14.786 million. The Capital Plan will fund the following shelters: 40 replacement beds at the 129 Peter Street Shelter and Referral Centre; 2 new and 30 replacement beds at Eva's Youth; and 60 new beds at Bethlehem United. Future-year projects include the Shelter Development/ Redevelopment Project for \$7.024 million, with bed number requirements and cost per bed undetermined at this time. The details of the future year shelter plan, including the cost per bed estimates, the number new and replacement beds to be delivered, and the year the beds will go into service will be reported in 2008.
- The recommended funding of \$1.934 million for the 129 Peter Street Shelter and Referral Centre includes \$0.694 million for a streetscape initiative, funded from a Section 37 agreement. While this portion of the project is recommended as part of the 2008 Capital Budget, this subproject will not proceed until the funding is from the Section 37 agreement is received.
- The 5-Year Capital Plan is significantly revised from previous years, based on stabilizing of bed night occupancy, and City programming designed to move homeless families and individuals into permanent housing.
- The 5-Year Plan includes funding of \$0.573 million in 2008 and \$3.600 million in years future years for State of Good Repair (SOGR) maintenance, dedicated to the City's 15 owned and leased shelters. The SOGR maintenance plan includes funding of \$2.973 million over the term to meet ongoing SOGR needs, and \$1.200 million to reduce the 2007 backlog from \$2.800 million to \$1.600 million by 2012. Also included is funding for two IT projects: the Social Housing Administration (SHAS) for \$3.500 million, and the Shelter Management Information System (SMIS) for \$0.744 million; SMIS is scheduled for completion in 2008, while SHAS is scheduled for completion in 2010. These IT projects will increase the Program's efficiency by automating work-flow practices, and improving administrative reporting and controls.
- 4% of the Recommended 5-Year Plan is allocated to Health and Safety for the reconstruction of Eva's Youth Shelter and HVAC upgrades at Seaton House; 23% of the funding is dedicated to SOGR projects, providing upgrades to the City-leased and-operated shelters; and 73% is allocated to Service Improvements, with project expenditures dedicated to reinvestment in new and replacement shelter beds, and two IT systems that will improve the accountability and enhance the efficiency of both the shelter and social housing services.
- The 5-Year Capital Plan meets the City's affordability debt targets for each of the five years, as the Program has deferred the completion of the SHAS from 2009 to 2010 to meet target.

## Multi-Year Debt Affordability Target

The 5-Year Capital Plan meets the Council approved debt affordability targets for each of the five years. This has been achieved by deferring the debt-funded component of the Social Housing Administration System from 2008 to 2010, by reducing the future year shelter development projects in 2008 and by maximizing available funding sources.

## Recommended Changes to the 2007 – 2011 Capital Plan

Council adopted the 5-Year Plan Capital (2007 - 2011) on March 7, 2007. The changes to the 5-Year Capital Plan are as follows:

Project	2008	2009	2010	2011	2012	Comment
Shelter Management Information System	265.0					Program issued a new RFQ, due cancellation of previous contract. This resulted in delays that require re-approval of two-year carry fwd
Social Housing Administration System	(600.0)		600.0			Deferred hiring staff to design/ support system
129 Peter Street	1,587.0	347.0				Council approved modifications requiring scope change for locating smoking area on the roof, and reclaiming sidewalk for public use
Shelter Development/ Redevelopment		700.0	1,650.0	2,374.0	2,300.0	New future year plan for shelter development/redevelopment
Emergency/ Replacement Beds	(297.0)	(1,000.0)	(2,550.0)	(2,775.0)	(4,777.0)	Reduction in 2007 - 2011 future year plans based on revised estimates
Shelter Maintenance	74.0	300.0	300.0	401.0	300.0	Increase in SOGR maintenance in City owned/ leased shelters
Total changes	1,029.0	347.0	0.0	0.0	(2,177.0)	

The Recommended 2008-2012 Capital Plan includes changes to future year cash flow commitments previously approved by Council, due to delays in the Shelter Management Information System and the Social Housing Administration System projects.

The Program's long-term service-delivery forecast recommends funding fewer new beds and focusing resources on State of Good Repair of existing City leased/ operated shelters and redevelopment of existing shelter sites.

## Program Capacity and Readiness to Proceed

The 5-Year Recommended Capital Plan has been reduced from previous years and includes three previously approved shelter projects, with Eva's Youth Shelter and Bethlehem United scheduled for completion in 2008, and the 129 Peter Street Shelter and Referral Centre scheduled for completion in 2009. These shelters commenced construction/ renovation in 2007, and will provide 132 beds (62 new and 70 replacement beds) as noted: 129 Peter Street (\$1.934 million, 40 beds); Eva's Youth Shelter (\$0.500 million, 32 beds); Bethlehem United (\$0.250 million, 60 beds).

Project spending for 2007 for Bethlehem United (\$3.387 million) and Eva's Youth (\$2.878 million) are on target and are projected to be fully spent by year-end; the site for the 129 Peter Street Shelter and



Referral Centre (\$4.640 million) has been purchased, and spending for building modifications at the 129 Peter Street Shelter and Referral Centre (\$0.861 million) has begun.

The two IT projects, Social Housing Administration System (SHAS) (\$1.200 million), and the Shelter Management Information System (SMIS) (\$0.744 million) are experiencing delays. Hiring qualified IT personnel has been difficult, resulting in a delay in the completion of SHAS from 2009 until 2010. The SMIS project has been delayed, due to the termination of a vendor that had previously been awarded a contract for the systems development; consequently, the 2008 Recommended Capital Budget includes 2006 carry-forward funding of \$0.265 million, with additional 2007 carry forward funding in 2008 of \$0.488 million. The Program has issued a new RFQ for this project in the 3rd quarter of 2007. This project will to be completed in 2008.

Capital Repairs: City Operated/ Leased Shelters are supported by engineering studies and current cost estimates, and are achievable. Historical spending patterns for Capital Repairs are 43% spent (\$0.463 million) of the 2006 Budget (\$1.069 million); 2007 spending projections are 80% of the repairs budget (\$0.968 million).

The Seaton House HVAC Renovation project (\$0.400 million) is underway, and the Program will be issuing a RFQ in the 3rd quarter of 2007; this project was delayed pending completion of a ventilation best practice project by Public Health.

As noted, the 2008 – 2012 Capital Plan includes a reduction of 77 beds from the 2007-2011 Plan of 209 beds to 132 beds, due to the deletion 35 beds from the Client Non-specified project, and 42 beds from the Replacement Beds project. The bed reduction results from the Program's decision to present the shelter bed requirements once the sites and client needs have been identified. SSHA will report back to Budget Committee on the future year plan for shelter beds (see Issues Section pg 14).

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

The City owns 15 shelter sites, seven are City Operated Sites, and eight are purchase-of-service programs located in City facilities that are leased to shelter operators. The Program has established an inventory of its State of Good Repair maintenance backlog, and associated cost estimates, estimated to be \$2.800 million at the end of 2007.

The Recommended 5-Year Capital Plan includes funding of \$0.573 million in 2008 and \$3.600 million in years 2009 through 2012 for SOGR for City owned/ leased shelters. The Recommended 5-Year Capital Plan includes spending \$2.973 million over the term to meet ongoing SOGR needs, and \$1.200 million to reduce the 2007 backlog from \$2.800 million to \$1.600 million by 2012.

### **Capital Project Highlights**

#### **Strategic Priorities:**

- The 2008 – 2012 Capital Plan includes a reduction of 77 beds from the 2007 level of 209 beds to 132 beds, due to the removal 42 replacement and 35 beds from the future-year projects. The Program has responded to changes in the occupancy levels and changes in client requirements, and has modified future year shelter requirements to complement a “housing first” approach to end homelessness. These adjustments also respond to the recent Federal/ Provincial announcement

regarding the creation of new funding for affordable housing. SSHA has been successful in the uses of Pilot Housing Projects such as Hostels to Homes and the Housing Allowance Program in moving long-term shelter users into permanent housing.

- On December 19, 2006, the Federal government announced a new two-year program, Homelessness Partnering Strategy (HPS), designed to reduce and alleviate homelessness; HPS allows the Program to continue providing services that combat homelessness in much the same manner as the former SCPI grant. The 2008 Recommended Capital Budget includes funding of \$0.873 from HPS for the 129 Peter Street and Referral Centre; as well, the Federal government is providing \$0.300 million of funding from HPS and \$0.100 million of funding from Human Resources and Social Development Canada for the Shelter Management Information System.

### Summary of Major Capital Initiatives

Shelter Support and Housing Administration's 5 Year Capital Plan includes the following major capital initiatives:

	\$000s						
	2008 Rec. Budget	2009 Plan	2010 Plan	2011 Plan	2012 Plan	Total 2008 -2012	Total 2013 -2017
<b>Facilities Projects: New and Expanded</b>							
129 Peter Street Shelter and Referral Centre	1,587	347				1,934	
Eva's Youth Shelter	500					500	
Bethlehem United Shelter	250					250	
<b>IT projects</b>							
Social Housing Administration System	1,200	1,700	600			3,500	
Shelter Management Information System	744					744	
<b>Total</b>	<b>4,281</b>	<b>2,047</b>	<b>600</b>	<b>0</b>	<b>0</b>	<b>6,928</b>	<b>0</b>

Over the next three years, \$6.928 million is budgeted for the construction and/or expansion of new facilities as well as the implementation of new information technology.

Facilities Projects include the following: 129 Peter Street Shelter and Referral Centre for \$1.934 million, a 40 bed co-ed shelter and assessment/ referral centre that replaces the Edward Street Shelter and Referral Centre; Eva's Youth Shelter Satellite for \$0.500 million, a 32-bed youth shelter that replaces an existing 30-bed facility; and Bethlehem United for \$0.250 million, a new co-ed 60 bed shelter. Eva's Youth Shelter and Bethlehem United Shelter are scheduled for completion in 2008, with the 129 Peter Street Shelter and Referral Centre scheduled for completion in 2009.

IT projects include the Social Housing Administration (SHAS) project at a cost of \$3.500 million, and the Shelter Management Information System (SMIS) at a cost of \$0.744 million. The SHAS project is scheduled for completion in 2010, while the SMIS project is scheduled for completion in 2008.

## 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)	900		871		
Approved Positions			7		
Debt Service Charges (\$000s)	124	505	205	66	
<b>Recommended 2009-2012 Capital Plan</b>					
Program Costs (net) (\$000s)					
Approved Positions					
Debt Service Charges (\$000s)		48	248	361	448
<b>Total</b>					
Program Costs (net) (\$000s)	900		871		
Approved Positions			7		
Debt Service Charges (\$000s)	124	553	453	427	448
<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 Operating Budget net impacts are the result of the following capital projects/sub-projects:

Project Name	2008		2009		2010		2011		2012		TOTAL	
	\$000's	Position	\$000's	Position	\$000's	Position	\$000's	Position	\$000's	Position	\$000's	Position
Eva's Youth Shelter	35.0	-		-		-		-		-	35.0	-
Bethlehem United	865.0	-		-		-		-		-	865.0	-
Social Housing Administration System		-		-	871.0	7.0		-		-	871.0	7.0
<b>Total Request (Net)</b>	<b>900.0</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>871.0</b>	<b>7.0</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>1,771.0</b>	<b>7.0</b>

The 2008-2012 Capital Plan will increase future year Operating Budgets by a total of \$1.771 million net over the five-year period, with an net increase of \$0.035 million in 2008 from Eva's Youth Shelter Satellite; \$0.865 million in 2008 for the Bethlehem United Shelter.

The 2008 operating impacts result from the additional costs of providing shelter services at these locations. The Program's shelter service delivery model has been adjusted to include these new shelters. The additional operating costs are offset by the closure of four shelters managed by service providers.

The 2010 operating impacts of \$0.871 million are primarily the result of the addition of seven approved positions required to maintain the new IT system, once the Social Housing Administration System becomes fully operational.

**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
<b>Expenditures</b>													
Previously Approved	265	2,729		2,994		1,838	4,832	1,700	600				7,132
Change in Scope			1,552	1,552			1,552	347					1,899
New			608	608			608						608
New w/Future Year													
<b>Total Expenditure</b>	<b>265</b>	<b>2,729</b>	<b>2,160</b>	<b>5,154</b>		<b>1,838</b>	<b>6,992</b>	<b>2,047</b>	<b>600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,639</b>
<b>Financing</b>													
Debt	265	2,729	1,131	4,125	<b>4,125</b>	583	4,708	1,700	600				7,008
Prov. Subsidy/Grant													
Development Charges			182	182		169	351						351
Other			347	347		313	660	347					1,007
Federal Grants			500	500		773	1,273						1,273
Reserves/Res Funds													
<b>Total Financing</b>	<b>265</b>	<b>2,729</b>	<b>2,160</b>	<b>5,154</b>		<b>1,838</b>	<b>6,992</b>	<b>2,047</b>	<b>600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,639</b>

**Comments / Issues:**

- Approval of the 2008 Recommended Capital Budget will result in new cash flow funding of \$2.160 million in 2008, with \$0.347 million required in 2009. This funding is required for the change in scope for the 129 Peter Street project of \$1.587 million; a scope change reduction of \$0.35 million for Capital Repairs for City-operated shelters; and new funding of \$0.608 million for Capital Repairs for City-operated/leased shelters.
- In addition to debt financing of \$4.125 million, the 2008 Recommended Capital Budget (excluding carry forwards) will utilize the following financing sources: \$0.182 million in Development Charges, with \$0.100 million for Bethlehem United Shelter; and \$0.082 million for Eva's Youth Shelter. Other funding includes \$0.347 million from a Section 37 Agreement for 129 Peter Street; with the \$0.500 million Federal Grant from HPI for the 129 Peter Street Shelter.

## **2008 Recommended Capital Budget**

### **2008 Recommended Capital Budget versus Debt Target**

The Program has achieved its debt target of \$4.125 million through adjusting the completion date of one previously project, and through the use of third party funding, including \$1.273 million in Federal grants; \$0.347 million from a Section 37 Agreement; \$0.351 million in Development Charges; and \$0.313 million in other funding.

### **Recommended Capital Budget by Category**

Health and Safety projects represent 16% of the 2008 Recommended Capital Budget with the relocation of Eva's Youth for \$0.500 million and the HVAC project at Seaton House for \$0.300 million.

State of Good Repair projects for City operated and City leased shelters represent 11% of the 2008 Recommended Capital Budget.

Service Improvement projects represent 73% of the 2008 Capital Budget, with the IT projects, Social Housing Administration System of \$1.200 million and the Shelter Management Information System of \$0.744 million. City shelters are also included in this category, with \$1.587 million for the shelter and referral centre at 129 Peter Street, and the Bethlehem United Shelter for \$0.250 million.

## PART II: ISSUES FOR DISCUSSION

### 2008 Capital Budget Issues

#### 129 Peter Street Shelter and Referral Centre

**Section 37 Funding:** The 2008 increase of \$1.934 million for the 129 Peter Street and Referral Centre includes a proposal to fund \$0.740 million from debt; \$0.694 million from a Section 37 agreement; and \$0.500 million from HPI. Of this amount \$1.434 million is required for modifications to the initial renovation plan, as a result of two motions adopted by Council in May, 2007, when the purchase of the Peter Street site was approved. The motions require that: 1) the roof on the Peter Street location be converted into a smoking area; 2) the patio area on the south side of 129 Peter Street be returned to full public use as a side walk.

In response to these recommendations, architectural drawings have been prepared outlining the modifications to the existing roof, with a budget of \$0.523 million, funded from debt. The proposed modifications add structural reinforcement, add lighting for safe passage, and create a green roof, converting the original roof into a contained smoking area. As part of the sidewalk reclamation, a streetscape is proposed, with a budget of \$0.694 million, funded from a Section 37 agreement. The streetscape improvement will be a community beautification project resulting in added trees and sitting areas.

The Section 37 agreement that would provide funding for the streetscape improvements is being reviewed to ensure funds are available. In the interim, this project is being recommended, but will not proceed until the funds secured from the agreement are received. It is recommended that the streetscape enhancement proceed once the funds from the Section 37 agreement have been received.

### 5-Year Capital Plan Issues

#### Future Year Targets

The Program has combined the previously approved Replacement Beds and the Client Group – Non Specified Projects into one project, entitled the “Shelter Development/Redevelopment” project. At the same time, the number of new or replacement beds in the 2008 -2012 Capital Plan has been reduced by 77 (35 new and 42 replacement) beds.

The capital program has responded to changes in the occupancy level in the shelter system, and staff have considered shelter occupancy trends and have made modifications, where necessary, to the ten year targets. This will involve a significant reduction in the projected development of new shelter beds over the next ten years. The Plan has been adjusted to ensure existing beds are replaced in a timely manner and that any expansion is done modestly.

The future-year plan provides no details or numbers for new and replacement beds. The future year Shelter Development/ Redevelopment Project (\$7.024 million, \$6.812 million debt) has become a funding envelope, with no specific projects indicated. The 5-Year Capital Plan includes funding of

\$0.700 million for 2009, \$1.650 million for 2010; \$2.374 million for 2011; and \$2.300 million for 2012.

It is recommended that the General Manager report to Budget Committee in 2008 on the details of the future year shelter plan, including the cost per bed, the number new and replacement beds to be delivered, and the year the beds will go into service.

### **Development Charges**

The Reserve Fund balance for Shelters/Housing XR2107 is projected to be \$4.498 million by December 31, 2007. Funds have flowed into this account through the authority in the Development Charge (DC) By Law No. 547-2004, approved by Council in June, 2004.

This reserve fund receives approximately 3.8% of the City's residential DC receipts, based on the allocation established in 2004, when the DC By-Law was approved. This allocation was based on the City's 2004-2013 Capital Plan, which considered each Program's planned capital projects relative to its service delivery requirements.

A total of \$0.351 million of Development Charge financing is included in the 2008 Capital Budget for the three shelter projects: 129 Peter Street Shelter and Referral Centre (\$0.169 million); Bethlehem United Shelter (\$0.100 million); and Eva's Youth Shelter (\$0.082 million). Future year projects include Development Charge financing of \$0.212 million for shelter development.

## **Appendix 1**

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



**Appendix 2**

**2008 Recommended Cash Flow  
and Future Year Commitments**

**Appendix 3**  
**2008 Recommended Capital Projects**  
**with Financing Details**

## Appendix 4

### Reserve / Reserve Fund Review (\$000s)

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Projected Balance as of December 31, 2007	Proposed Withdrawals				
			2008	2009	2010	2011	2012
XR2107 Development Chjarges Reserve Fund - Shelters - Housing	Beginning Balance	4,498,171	4,498,171	4,147,171	4,147,171	4,009,171	3,935,171
	Eva's Youth Shelter		(82,000)				
	129 Peter Street		(169,000)				
	Bethlehem United		(100,000)				
	Shelter Development/ Redevelopment				(138,000)	(74,000)	
	Total Proposed Withdrawals		(351,000)	0	(138,000)	(74,000)	0
<b>TOTAL RESERVE FUND BALANCE AT YEAR-END</b>		<b>4,498,171</b>	<b>4,147,171</b>	<b>4,147,171</b>	<b>4,009,171</b>	<b>3,935,171</b>	<b>3,935,171</b>