

Analyst Briefing Notes

Budget Committee Review

(October 29, 2007)

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November 15, 2007

PART I: CAPITAL PROGRAM**Executive Summary**

- The 2007 Approved Capital Budget of \$55.701 million was 0.2% spent as at June 30, 2007 due to the fact that no City funds had been sought by Waterfront Toronto or released to the Corporation. Projected actual expenditures by year-end are \$44.543 million or 80% of the 2007 Approved Capital Budget for Waterfront Revitalization. Of this unspent balance, \$11.158 million is projected to be carried forward in 2008.
- The 10-Year estimates (excluding funding of \$11.158 million carried forward from 2007 to 2008) of \$381.780 million comprising of the 2008 Recommended Capital Budget of \$51.131 million, the 2009-2012 Capital Plan of \$164.080 million and the 2013–2017 estimates of \$166.569 million calls for zero debt funding, as the newly created Strategic Infrastructure Partnership Reserve Fund, as approved by Council, will be utilized to fund the Waterfront Revitalization Initiative projects.
- The Recommended 5-Year Capital Plan, excluding funding carried forward from 2007 to 2008 of \$11.158 million totals \$51.131 million in 2008, of which 100% is allocated to Growth-Related (GR) initiatives. The Plan for Waterfront Revitalization Initiative is consistent with the Five Year Business Plan/Ten-Year Forecast (2007 – 2016) that was approved by Council on July 16, 17, 18 and 19, 2007.
- Included in the 5-Year Capital Plan includes funding for priority projects; Union Station Subway platform, Precincts Implementation projects (East Bayfront and West Donlands), Transportation Initiatives (LRT lines to East Bayfront and West Donlands) and Naturalization of Don River with a proposed net City contribution total of \$177.161 million over the Plan period and includes funding of \$7.315 million carried forward from 2007 to 2008. The full Waterfront Revitalization Plan will be funded by a \$500 million investment by each of the 3 orders of government and re-investment of revenues from the sale/lease of public lands.
- The Recommended 5-Year Capital Plan provides for development of the East Bayfront and West Donlands precincts including introduction of transit and the development of Don River and Sherbourne Parks, and the Union Station subway platform upgrade. The Plan is sufficiently funded over the next 2 years to also deliver on Parks and Public Spaces projects such as Port Union, Mimico and Portlands Preparation (including a soil remediation strategy and upgrade of sites and corridors).

- The “Operating Budget Impacts of New Waterfront Infrastructure” staff report which was considered by the Executive Committee at its meeting of October 29, 2007 estimates the cumulative incremental gross costs over the next 15 years for all impacted City programs to be \$324.1 million while revenues collected by programs from user fees and subsidies (excluding tax revenues) are estimated at \$117.3 million, resulting in a cumulative incremental net operating impact of \$206.8 million by 2021. The City will be exploring alternative financing sources to help fund these impacts.
- The Waterfront Revitalization Initiative’s 5-Year Capital Plan advances strategies for the City that will contribute to specifically making a stronger economy, provide a cleaner and more beautiful city, with a wonderful waterfront, provide better transit and affordable housing while delivering on the Waterfront Vision.
- The 2008 Recommended Capital Budget of \$62.289 million will fund the continuation of Precinct implementation such as completion of flood protection land form and the start of construction of Don River Park, both in West Don Lands, and the start of construction of Sherbourne Park, Jarvis slip and the Water’s Edge Promenade in East Bayfront.
- Other projects earmarked for 2008 include completion of Central Waterfront Public Realm – Queen’s Quay design, Martin Goodman Trail at Ontario Place, advancement of the West Donlands/East Bayfront District Energy project, and construction of the Spadina Head Slip.

Recommendations

The City Manager and Chief Financial Officer recommend that:

- (1) the 2008 Recommended Capital Budget for Waterfront Revitalization Initiative's commitments of previously approved 2007 cash flow of \$62.289 million and previously approved future year commitments of \$330.649 million be approved. The 2008 Recommended Capital Budget consists of the following:
 - (a) New Cash Flow funding for 14 previously approved sub-projects with a 2008 cash flow of \$51.131 million and previously approved future year commitment of \$55.385 million in 2009, \$57.095 million in 2010, \$25.800 million in 2011, \$25.800 million in 2012 and \$166.569 million in years 2013 to 2017;
 - (b) 2007 approved cash flow for 13 previously approved sub-projects with carry forward funding from 2007 into 2008 totalling \$11.158 million;
- (2) the 2008 Recommended Capital Budget for the Waterfront Revitalization Initiative requiring a 2008 cash flow of \$51.131 million and future year commitments of \$164.080 million be funded from the Strategic Infrastructure Partnership Reserve Fund; and
- (3) no City funds be released to Waterfront Toronto in 2008 until a comprehensive revenue generation and financing strategy, outlining annual projections from the development of public land, private sector investment, and any other revenue initiatives, together with a business and financial plan for achieving Waterfront Revitalization in the Portlands has been endorsed by the Intergovernmental Steering Committee of senior officials from the 3 orders of government as directed by Council on July 16, 17, 18 and 19, 2007.

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
55,701	110	0	44,543	80	11,158

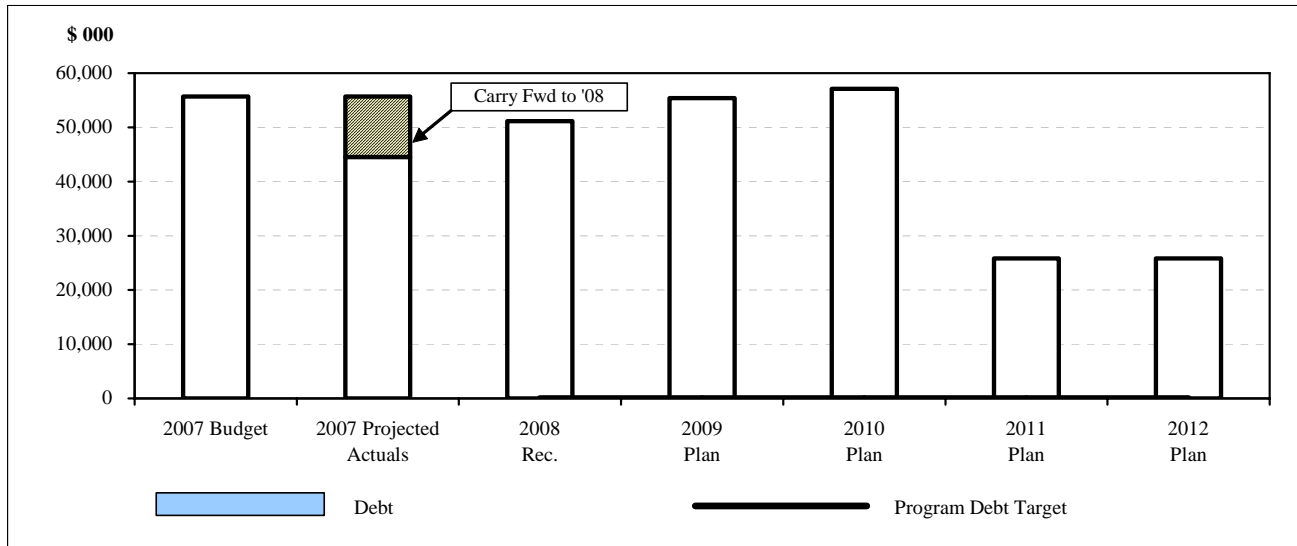
Comments / Issues:

- Approximately \$0.110 million or 0.2% of the Waterfront Revitalization Initiative's 2007 Approved Capital Budget of \$55.701 million was spent at the end of the June 30, 2007. Under-spending during the first six months of 2007 is mainly due to the fact that no City funds had been sought by Waterfront Toronto or released to the Corporation as of June 30, 2007. Waterfront Toronto has confirmed its intentions to spend 80% of the 2007 Approved Capital Budget for Waterfront Revitalization by year-end.
- Waterfront Revitalization Initiative staff has projected a total expenditure of \$44.543 million or 80% of the 2007 approved cash flow by year-end, leaving a 20% balance of \$11.158 million to be carried forward to 2008. This represents an improvement over the 69% spending rate that was achieved in 2006.
- The City releases funds to Waterfront Toronto at the start of every quarter to fund expenditure for the upcoming period; the state of readiness to proceed is dependent on various external factors including level of consultations and interaction with external stakeholders, the resolution of technical issues and completion of corresponding Contribution Agreements with other orders of government. Nevertheless, given the Corporation's on-going under-expenditure pattern, the City will develop a Memorandum of Understanding with Waterfront Toronto that would confirm deliverables for 2008 on a project-by-project basis.
- The recommended funding to be carried forward from 2007 to 2008 of \$11.158 million as per the Program's Capital Budget submission is marginally lower than the year-end projected actual expenditures identified in the 2nd quarter variance report. The Program's Capital Budget submission was based on the 5-Year Capital Plan/10 Year Forecast (2007-2016) that was adopted by Council in July, 2007 whereas the projections in the report were based on the 2007 Approved Capital Budget.

Cost Containment Impact

No capital projects were deferred in 2007 as a cost containment measure.

5-Year Capital Plan (2008-2012)



		5-Year Plan						
		2007	2008	2009	2010	2011	2012	2008-2012
		Budget	Projected Actual					
Gross Expenditures:								
2007 Capital Budget & Future Year Commitments		55,701	44,543	51,131	55,385	57,095	25,800	215,211
Recommended Changes to Commitments								
2008 New/Change in Scope and Future Year Commitments								0
2009 - 2012 Plan Estimates								
1-Year Carry Forward to 2008			11,158					
Total Gross Annual Expenditures & Plan		55,701	55,701	51,131	55,385	57,095	25,800	215,211
Program Debt Target		0	0	0	0	0	0	0
Financing:								
Recommended Debt		0						0
Other Financing Sources:								
Reserves/Reserve Funds		57,229		51,131	55,385	57,095	25,800	215,211
Development Charges								
Federal		179						
Provincial		179						
Other Revenue		114						0
Total Financing		57,701		51,131	55,385	57,095	25,800	215,211
By Category:								
Health & Safety								
Legislated								
SOG								
Service Improvement								
Growth Related		55,701		51,131	55,385	57,095	25,800	215,211
Total By Category		55,701		51,131	55,385	57,095	25,800	215,211
Yearly SOGR Backlog Estimate (not addressed by current plan)								
Accumulated Backlog Estimate (end of year)								
Operating Impact on Program Costs				Pending approval of an Operating Budget Impacts of New Waterfront Infrastructure report to Executive Committee in October 2007.				
Debt Service Costs				0	0	0	0	0

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

5-Year Capital Plan Overview

Overview

- The Recommended 2008 – 2012 Capital Plan excluding one-year carry forward funding, calls for \$215.211 million over the next five years with a cash flow of \$51.131 million in 2008, \$55.385 million in 2009, \$57.095 million in 2010, \$25.800 million in 2011 and \$25.800 million in 2012.
- The Recommended 2008-2012 Capital Plan for the Waterfront Revitalization Initiative is consistent with the Five-Year Business Plan/Ten-Year Forecast (2007-2016) that was adopted by City Council at its meeting on July 16, 17, 18 and 19, 2007. The Capital Plan focuses on implementation of those projects that provide for substantial improvements to parks and public places, transit, brownfields remediation, and building sustainable communities while advancing Council's priority of 'Making Progress on the Waterfront'.
- Included in the 5-Year Capital Plan are outlays for priority projects; Union Station Subway platform, Precinct Implementation projects (East Bayfront and West Donlands), Transportation Initiatives (LRT lines to East Bayfront and West Donlands) and Naturalization of Don River with a proposed net City contribution total of \$177.161 million (includes funding carried forward from 2007 of \$7.315 million) over the Plan period. The full Waterfront Revitalization Plan is funded by a \$500 million investment by each of the 3 orders of government and re-investment of revenues from the sale/lease of public lands.
- The Recommended 5-Year Capital Plan requires no debt funding as the newly created Strategic Infrastructure Partnership Reserve Fund as approved by Council will fund the City's contribution to the Waterfront's revitalization. The entire funding over the 5-year Plan period will go towards growth related initiatives.
- The Recommended 5-Year Capital Plan provides for development of the East Bayfront and West Donlands precinct including introduction of transit and the development of Don River and Sherbourne Parks, and the Union Station subway platform upgrade. The Plan is funded over the next 2 years to also deliver on Parks and Public Spaces projects such as Port Union, Mimico and Portlands Preparation (including a soil remediation strategy and upgrade of sites and corridors).
- The Waterfront Toronto Corporate Costs project will provide funding to cover operating costs over the next ten years, and will include expenditures during the 5-Year Capital Plan period of \$14.238 million for staff salaries and rent that are not allocated to specific projects. In return, Waterfront Toronto is putting in place structures that would ensure effective management of waterfront initiatives in consultation with City programs.

Multi-Year Debt Affordability Target

The Recommended 2008-2012 Capital Plan requires no debt financing from the City. Council approved that starting in 2007, one time proceeds from the divestiture of the City's investment in the Toronto Hydro Corporation Promissory Note be contributed to a newly created Strategic Infrastructure Partnership Reserve Fund to finance the City's major tax-supported strategic infrastructure programs, including Waterfront Redevelopment .

The Strategic Infrastructure Partnership Reserve Fund will fund key tax-supported strategic infrastructure programs of the City in partnership with other orders of governments, and major strategic tax-supported environmental capital projects subject to external funding partnerships. Consequently, the debt funding has been amended accordingly to zero so that all the Waterfront Revitalization Initiative projects are 100% funded from the reserve fund.

The Recommended 2008-2012 Capital Plan includes changes to future year cash flow commitments previously approved by Council, due to the acceleration of specific project from 2011 to 2008 and 2009, and the re-allocation of funding between three projects. There is no change to the overall project cost for these projects.

Recommended Changes to the 2007 – 2011 Capital Plan

The Waterfront Revitalization Initiative's Capital Plan is approved annually by Council as required by *Toronto Waterfront Revitalization Corporation Act, 2002*. The Initiative's Capital Program is considered as one capital project, with the individual project initiatives accounted for as sub-projects due to the nature of its Capital Plan, which has to be negotiated and agreed to by all the three orders of government. The 2008-2012 Capital Plan changes highlighted below were authorized by Council at its meeting on July 16, 17, 18 and 19, 2007 and have therefore been reflected in the 2008 Recommended Capital Budget and 2009 – 2012 Capital Plan as follows:

- The revision of the 2007-2016 Capital Plan for the Waterfront Revitalization Initiative to reflect annual cash flows of \$51.131 million in 2008 (which excludes 2007 recommended carry forward funding of \$11.158 million), \$55.385 million in 2009, \$57.095 million in 2010, \$25.800 million in 2011 and \$192.369 million in 2012 to 2016. Contributions for 2009 and 2010 are above Council approved funding level by \$25.031 million and \$31.079 million respectively.
 - The annual total funding from 2009 onwards are preliminary, subject to future annual Plan reviews and the City's Capital Budget process. Thus, additional funding requirements above the approved annual estimates and anticipated additional revenues would be reviewed further and included in future plans submitted to Council for approval.
- Four "new" projects authorized by Council at its meeting in July 2007 have been added in the recommended 2008-2012 Capital Plan; they are –
 - Funding of \$1.842 million by the Provincial government (\$0.762 million) and from revenues (\$1.080 million) for Intelligent Communities, a tri-government priority project to provide for implementation of broadband infrastructure in the East Bayfront and West Don Lands;
 - the Ireland Park Foundation funding from the Federal government of \$0.500 million;

- Urban Planning Resources funding of \$1.160 million (excludes 2007 recommended carry forward funding of \$0.025 million) to provide for dedicated City Planning staff; and
- Financial Securities project funding of \$6.635 million (excludes 2007 recommended carry forward funding of \$0.425 million) that will provide the City security from Waterfront Toronto and for third parties constructing Municipal infrastructure, and is subject to a future staff report to Council.

Program Capacity and Readiness to Proceed

The Waterfront Revitalization Initiative's projected year-end spending of \$44.543 million represents 80% spending rate for 2007. The total under-expenditure of \$11.158 million is an improvement from past spending rates when compared to the 2006 rate of 69.1%, 67.5% in 2005 and a spending rate of 37.8% realized in 2004.

At its meeting in July, 2007 Council directed that a Memorandum of Understanding (MOU) with Waterfront Toronto be developed confirming deliverables on a project by project basis to address recurrent under-spending by the Corporation. The MOU is expected to further contribute to an increase in the capital spending rate for Waterfront Revitalization Initiative in 2008. In addition, the on-going review of the critical path for the completion of parks and public realm projects developed jointly by the City and Waterfront Toronto in early 2007 will further enhance Waterfront Revitalization Initiative's overall ability to realize its 5-Year Capital Plan.

Backlog of Projects – Unmet Needs

The Program does not have a backlog of projects.

Capital Project Highlights

Strategic Priorities:

All of the sub-projects within the 5-Year Capital Plan for the Toronto Waterfront Revitalization Initiative aim to '*Continue to Build a Clean, Green and Beautiful Waterfront*'. The Plan is aligned with, but not limited to the following priorities outlined in the Mayor's Strategic Priorities:

- The 5-Year Capital Plan calls for a cash flow funding of \$62.014 million for Transportation Initiatives and \$29.435 million for the Union Station Subway platform to create a '*Better Transit Today*' by developing rapid transit system through the East Bayfront and West Donlands, and upgrading passenger capacity and safety at Union Station.
- Precinct Implementation Projects with funding of \$66.145 million will develop the West Don Lands and East Bayfront Precincts and the Portlands will realize the goal of nurturing an '*Economy that Creates Jobs for Torontonians & Prosperity for Whole Country*' by strengthening key economic clusters through the creation of tax incremental funding districts thereby allowing the City to make major investments in infrastructure and recoup the benefits through tax revenue.
- The Waterfront Revitalization Initiative will further provide an immediate opportunity to co-ordinate the City's interest to '*Continue to Help House the Homeless*' by creating locations in the

City including the West Don Lands where development of up to 1,000 units of affordable housing each year for four years (2007-2011) is planned.

- This Initiative will continue to 'Build on a Clean and Beautiful City Program' by developing parks and public spaces in the West Don Lands and East Bayfront and areas such as Port Union (\$6.856 million) and Mimico (\$2.121 million), the Portlands and Central Waterfront (\$5.625 million) with a combined 5-Year Planned Capital expenditure of \$14.602 million.

Other City Initiatives:

The Waterfront Revitalization Initiative's 5 Year Capital Plan includes the following major capital initiatives:

Summary of Major Capital Initiatives

	\$000s						
	2008 Rec. Budget*	2009 Plan	2010 Plan	2011 Plan	2012 Plan	Total 2008 -2012	Total 2013 -2017
Facilities Projects:							
New and Expanded							
IT sub-projects							
Total	0	0	0	0	0	0	0
Other Major City Initiatives:							
<i>Naturalization of the Don River</i>	2,337	4,600	6,041	-	6,589	19,567	9,145
<i>Union Station</i>	954	10,961	7,420	7,700	2,400	29,435	4,600
<i>Precinct Implementation Projects</i>	33,631	9,068	11,325	3,121	9,000	66,145	10,998
<i>Transportation Initiatives</i>	305	26,031	24,128	6,550	5,000	62,014	6,000
Total	37,227	50,660	48,914	17,371	22,989	177,161	30,743

*2008 Recommended Budget includes funding carried forward from 2007 of \$7.315 million

Naturalization of the Don River

The naturalization of the Don River that requires 5 year capital funding of \$19.567 million and an additional \$9.145 million to 2017 will allow the reclamation of coastal wetlands, recreation of wildlife and fish habitats, provide flood protection for the Portlands, and the provision of public access to new open spaces that will accommodate a number of recreational facilities. An Environmental Assessment at the mouth of the Don River is expected to be completed in 2008 and planning and design work will be completed and construction initiated by 2009.

Union Station – Subway Platform

The Union Station subway platform is presently at capacity and this project, which requires 5 year capital funding of \$29.435 million and an additional \$4.600 million to 2017, will see the construction of a second subway platform at Union Station to provide additional passenger capacity and improve safety, while making the station more accessible and efficient. It includes the construction of a connection at the platform level between the Union subway and Harbourfront LRT as well as building a new corridor to the west of the station to allow GO Transit passengers a by-pass access to the PATH system.

Precinct Implementation Projects - West Don Lands / East Bayfront

Over the next five years, \$66.145 million is allocated for the development and construction of new projects in the West Don Lands and East Bay Front Precincts with an additional \$10.998 million to be funded to 2017.

Part of the 2008 recommended Precinct Implementation projects funding of \$33.631 million will advance the following:

- **West Donlands** – completion of flood protection land form, commencement of Don River Park construction, infrastructure construction and environmental remediation in phase 1 and 2 and commencement of risk assessment/risk management plan for phase 3 and 4.
- **East Bayfront** – commencement of infrastructure construction, demolition, site preparation and environmental remediation and clean up of south of Queen's Quay.

Transportation Initiatives

The major component of the Transportation Initiatives projects are the West Donlands LRT and the Queens Quay LRT transit lines and East Bayfront Precincts will require 5 year capital funding of \$62.014 million and an additional \$6.0 million funding to 2017.

An LRT route will be constructed in West Donlands and East Bayfront that will ensure that all residences are within a five-minute walking to transit. The line will be built in the early stages of development and completed by 2010 for West Donlands and by 2011 for East Bayfront. The 5 year capital funding will go towards developing of the transit lines only and will not fund other areas such as the purchase of buses and street cars.

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

Program Operating Impacts

The Parks, Forestry & Recreation's 2008 Operating Budget includes for funding request for \$0.300 million to cover operating costs from the completion of three Waterfront Revitalization Initiative projects; Port Union Park (\$0.099 million), Marilyn Bell Park Improvements (\$0.101 million) and the Transition Sports Fields (\$0.100 million).

According to the Operating Budget Impacts of New Waterfront Infrastructure staff report considered by the Executive Committee at its meeting of October 29, 2007, the cumulative net incremental impact of Waterfront Revitalization Initiative projects on Parks, Forestry & Recreation's Operating Budget from 2007 to 2011 is estimated at \$23.730 million (see table below). The report further estimates the cumulative incremental gross costs over the next 15 years for all impacted City programs to be \$324.1 million while revenues collected by programs from user fees and subsidies (excluding tax revenues) are estimated at \$117.3 million, resulting in a cumulative incremental net operating impact of \$206.8 million by 2021.

Waterfront Revitalization Operating Budget Impacts - Cumulative Incremental Net Impact (\$000s)

Division:	2007	2008	2009	2010	2011	Total 2007-2011
Net						
City Planning	\$0.0	\$0.0	\$25.5	\$51.9	\$52.9	\$130.3
Children's Services	\$0.0	\$0.0	\$0.0	\$310.9	\$342.7	\$653.6
Economic Dev, Culture & Tourism	\$0.0	\$10.2	\$20.8	\$31.7	\$43.1	\$105.8
Library	\$0.0	\$0.0	\$86.9	\$89.3	\$91.8	\$268.0
Parks, Forestry & Recreation	\$231.1	\$1,018.8	\$5,909.2	\$8,173.0	\$8,397.8	\$23,729.9
Social Development, Finance & Admin	\$0.0	\$0.0	\$0.0	\$0.0	\$175.0	\$175.0
Solid Waste Management	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Toronto Building	\$0.0	\$0.0	\$218.8	\$446.0	\$454.5	\$1,119.3
Toronto Water	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Transportation Services	\$0.0	\$29.4	\$109.3	\$112.0	\$156.4	\$407.1
TTC	\$0.0	\$0.0	\$0.0	\$1,379.5	\$1,210.5	\$2,590.0
Cumulative Incremental Net Exp.	\$231.1	\$1,058.4	\$6,370.5	\$10,594.3	\$10,924.7	\$29,179.0

Division:	2012	2013	2014	2015	2016	Total 2012-2016	Total 2007-2016
Net							
City Planning	\$53.9	\$54.9	\$56.0	\$57.0	\$58.1	\$279.9	\$410.2
Children's Services	\$750.9	\$818.5	\$1,785.2	\$1,930.6	\$2,080.2	\$7,365.4	\$8,019.0
Economic Dev, Culture & Tourism	\$65.9	\$78.4	\$91.3	\$104.6	\$118.5	\$458.7	\$564.5
Library	\$94.4	\$97.0	\$99.7	\$1,801.3	\$1,850.7	\$3,943.1	\$4,211.1
Parks, Forestry & Recreation	\$8,626.7	\$8,941.3	\$10,619.9	\$10,431.1	\$12,287.2	\$50,906.2	\$74,636.1
Social Development, Finance & Admin	\$36.0	\$211.7	\$73.5	\$74.9	\$76.4	\$472.5	\$647.5
Solid Waste Management	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Toronto Building	\$463.1	\$471.9	\$480.9	\$490.0	\$499.3	\$2,405.2	\$3,524.5
Toronto Water	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Transportation Services	\$160.3	\$200.8	\$205.9	\$211.1	\$216.4	\$994.5	\$1,401.6
TTC	\$1,796.1	\$2,051.7	\$1,740.0	\$1,818.7	\$1,637.2	\$9,043.7	\$11,633.7
Cumulative Incremental Net Exp.	\$12,047.3	\$13,215.7	\$16,045.8	\$16,137.7	\$18,020.1	\$75,869.2	\$105,048.2

2008-2017 Capital Program

Waterfront Revitalization Initiative

Division:	2017	2018	2019	2020	2021	Total 2017-2021	Total 2007-2021
Net							
City Planning	\$59.2	\$60.3	\$61.5	\$62.7	\$31.9	\$275.6	\$685.8
Children's Services	\$2,234.5	\$2,393.3	\$2,556.9	\$2,725.5	\$2,899.1	\$12,809.3	\$20,828.3
Economic Dev, Culture & Tourism	\$132.8	\$147.6	\$162.9	\$178.8	\$195.2	\$817.3	\$1,381.8
Library	\$1,901.6	\$1,953.9	\$2,007.7	\$2,062.7	\$2,119.5	\$10,045.4	\$14,256.5
Parks, Forestry & Recreation	\$12,501.3	\$12,844.6	\$13,197.7	\$13,564.2	\$13,937.7	\$66,045.5	\$140,681.6
Social Development, Finance & Admin	\$78.0	\$79.5	\$81.1	\$82.7	\$84.4	\$405.7	\$1,053.2
Solid Waste Management	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Toronto Building	\$508.8	\$518.5	\$528.3	\$538.4	\$274.3	\$2,368.3	\$5,892.8
Toronto Water	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Transportation Services	\$277.1	\$284.2	\$291.4	\$298.8	\$306.4	\$1,457.9	\$2,859.5
TTC	\$1,654.8	\$1,450.1	\$1,612.4	\$1,329.6	\$1,536.5	\$7,583.4	\$19,217.1
Cumulative Incremental Net Exp.	\$18,521.4	\$18,881.8	\$19,625.6	\$19,944.4	\$20,460.5	\$101,808.4	\$206,856.6

Waterfront Revitalization Operating Budget Impacts - Gross Expenditures (\$000s)

Program:	2007	2008	2009	2010	2011	Total 2007-2011	Total 2012-2016	Total 2017-2021	Total 2007-2021
Expenditures									
Affordable Housing	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
City Planning	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Children's Services	\$0.0	\$0.0	\$0.0	\$1,175.7	\$1,209.3	\$2,385.0	\$22,660.2	\$32,849.9	\$57,895.1
Economic Development, Culture & Tourism	\$0.0	\$10.2	\$20.8	\$31.7	\$43.1	\$105.8	\$458.6	\$817.4	\$1,381.8
EMS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Fire	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Library	\$0.0	\$0.0	\$86.9	\$89.3	\$91.8	\$268.0	\$3,943.1	\$10,045.4	\$14,256.5
Parks, Forestry & Recreation	\$231.1	\$1,018.8	\$6,059.2	\$8,326.8	\$8,553.9	\$24,189.8	\$52,278.3	\$67,954.1	\$144,422.2
Social Development, Finance & Administration	\$0.0	\$0.0	\$0.0	\$0.0	\$175.0	\$175.0	\$472.5	\$405.7	\$1,053.2
Solid Waste Management	\$0.0	\$0.0	\$162.4	\$410.0	\$660.8	\$1,233.3	\$8,414.4	\$14,679.5	\$24,327.2
Toronto Building	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Toronto Water	\$0.0	\$0.0	\$93.3	\$627.1	\$748.7	\$1,469.0	\$5,615.0	\$8,649.1	\$15,733.2
Transportation Services	\$0.0	\$29.4	\$109.3	\$112.0	\$156.4	\$407.1	\$994.6	\$1,457.9	\$2,859.5
TTC	\$0.0	\$0.0	\$0.0	\$1,766.2	\$1,799.7	\$3,565.9	\$22,649.5	\$36,001.4	\$62,216.7
Total Gross Expenditures	\$231.1	\$1,058.4	\$6,531.9	\$12,538.8	\$13,438.7	\$33,798.9	\$117,486.2	\$172,860.3	\$324,145.4

Waterfront Revitalization Operating Budget Impacts-Gross Revenues (\$000s)

Revenues	2007	2008	2009	2010	2011	Total 2007-2011	Total 2012-2016	Total 2017-2021	Total 2007-2021
Affordable Housing	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
City Planning	\$0.0	\$0.0	(\$25.5)	(\$51.9)	(\$52.9)	(\$130.3)	(\$279.9)	(\$275.6)	(\$685.8)
Children's Services	\$0.0	\$0.0	\$0.0	\$864.8	\$866.6	\$1,731.5	\$15,294.8	\$20,040.6	\$37,066.9
Economic Development, Culture & Tourism	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
EMS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Fire	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Library	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Parks, Forestry & Recreation	\$0.0	\$0.0	\$150.0	\$153.8	\$156.1	\$459.9	\$1,372.1	\$1,908.6	\$3,740.6
Social Development, Finance & Administration	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Solid Waste Management	\$0.0	\$0.0	\$162.4	\$410.0	\$660.8	\$1,233.3	\$8,414.4	\$14,679.5	\$24,327.2
Toronto Building	\$0.0	\$0.0	(\$218.8)	(\$446.0)	(\$454.5)	(\$1,119.3)	(\$2,405.2)	(\$2,368.3)	(\$5,892.8)
Toronto Water	\$0.0	\$0.0	\$93.3	\$627.1	\$748.7	\$1,469.0	\$5,615.0	\$8,649.1	\$15,733.2
Transportation Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
TTC	\$0.0	\$0.0	\$0.0	\$386.6	\$589.2	\$975.9	\$13,605.7	\$28,418.0	\$42,999.6
Total Revenues	\$0.0	\$0.0	\$161.4	\$1,944.4	\$2,514.0	\$4,620.0	\$41,617.0	\$71,051.9	\$117,288.9

Gross expenditures according to the report are estimated at \$324.1 million from 2007 to 2021 and the biggest impacts will be on Parks, Forestry and Recreation (\$144.422 million) and TTC (\$62.217 million). The report further estimates gross revenues collected by programs from user fees and subsidies (excluding tax revenues) at the Waterfront at \$117.3 million. According to the staff report, the highest revenues will be generated by TTC (\$43.0 million) and Children's Services (\$37.067 million).

The cumulative incremental net operating budget impacts as contained in the staff report to Executive Committee on October 29, 2007 will be added to future Capital Budget submissions once Council approves the report. It is anticipated that a report on revenue generation and financing strategy that will be submitted to Council by December 31, 2007 will address alternative financing sources to help fund the above impacts.

Total 2007 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 Change in Scope		51,131		51,131	0	11,158	62,289	55,385	57,095	25,800	25,800	166,569	392,938
New New w/Future Year													
Total Expenditure		51,131	0	51,131		11,158	62,289	55,385	57,095	25,800	25,800	166,569	392,938
Financing													
Debt													0
Subsidy (SCPI)													
Prov. Subsidy/Grant						143	143						143
Development Charges													
Other						114	114						114
Federal Grants						143	143						143
Reserves/Res Funds		51,131		51,131	0	10,758	61,889	55,385	57,095	25,800	25,800	166,569	392,538
Total Financing		51,131	0	51,131	0	11,158	62,289	55,385	57,095	25,800	25,800	166,569	392,938

- Approval of the 2008 Recommended Capital Budget will require a cash flow of \$62.289 million and includes funding for 2007 projects carried forward into 2008 of \$11.158 million, cash flow funding from previously approved projects of \$51.131 million and future year commitments of \$55.385 million in 2009, \$57.095 million in 2010 and \$25.8 million in 2011 and 2012 respectively, and estimates of \$166.569 million gross and net in 2013-2017.
- The 2008 Recommended Capital Budget for the Waterfront Revitalization Initiative is consistent with the Five-Year Business Plan/Ten-Year Forecast (2007-2016) which was adopted by City Council in July 2007 and the Federal and Provincial governments in September 2007. It is projected that \$111.262 million out of the initial City's contribution of \$500.0 million would be spent by the end of 2007, the City's share (with a balance of \$388.738 million) has been booked as committed with future cash flow requirements subject to the yearly Capital Budget Process.
- The approval of the 2008 Recommended Capital Budget will result in a zero debt funding as all the waterfront projects will be funded from the Strategic Infrastructure Reserve fund which will receive the first sum of proceeds from divestiture of the City's investment in the Toronto Hydro Corporation Promissory Note of \$245.0 million in December 2007.

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

The 2008 debt affordability guideline for Waterfront Revitalization Initiative is set at \$0 million. The 2008 Recommended Capital Budget requires a cash flow of \$51.131 million excluding funding carried forward from 2007.

City Council at its meeting on July 16, 17, 18 and 19, 2007 authorized the revision of the 2007-2016 Capital Plan for the Waterfront Revitalization Initiative to reflect a cash flow of \$51.131 million in 2008 to be funded out of the Strategic Infrastructure Partnership Reserve Fund whose purpose is to fund the City's major tax-supported strategic infrastructure programs.

Recommended Capital Budget by Category**Growth Projects**

The 2008 Recommended Capital Budget of \$51.131 million is entirely comprised of growth projects with Precinct Implementation projects accounting for the largest percentage of funding at more than 53% of total funding recommended. These projects represent the continuation of Precinct implementation such as completion of flood protection land form and the start of construction of Don River Park in West Donlands, and the start of construction of Sherbourne Park, Jarvis slip and the Water's Edge Promenade in East Bayfront.

Other growth projects for 2008 include commencement of detailed station design work for the Union Subway Platform project and a continuation of Phase 2 Port Union Linear Park implementation, the advancement of the West Don Lands/East Bayfront District Energy project, construction of the Spadina Head Slip and the completion of Central Waterfront Public Realm – Queen's Quay design and Martin Goodman Trail at Ontario Place. Also earmarked for completion in 2008 are the completion of Mimico Waterfront Linear Park Phase 1 and the design of Regional Sports Complex.

PART II: ISSUES FOR DISCUSSION

2008 Capital Budget Issues

Operating Budget Impacts - Revenue Generation & Financing Strategy

At its meeting on July 16, 17, 18 and 19, 2007, Council directed Waterfront Toronto to complete and submit to the three governments by December 31, 2007, a comprehensive revenue generation and financing strategy, outlining annual projections from the development of public land, private sector investment, and any other revenue initiatives, together with a business and financial plan for achieving Waterfront Revitalization in the Portlands.

Council further directed that no City funds be released to Waterfront Toronto in 2008 until the revenue generation and financing strategy has been endorsed by the Intergovernmental Steering Committee of senior officials from the 3 orders of government. Successful completion of the planned Waterfront Renewal is dependent on the revenue sources to be identified by Waterfront Toronto and subsequent endorsement of the comprehensive revenue generation and financing strategy.

Therefore, it is recommended that the 2008 to 2012 Recommended Capital Plan be approved and that the release of funds to Waterfront Toronto in 2008 be conditional on Waterfront Toronto meeting Council's directive. It is anticipated that Waterfront Toronto will submit to Council the revenue generation and financing strategy report together with a business and financial plan for achieving Waterfront Revitalization in the Portlands by December 31, 2007 for approval.

The Operating Budget Impacts of New Waterfront Infrastructure staff report considered by the Executive Committee at its meeting of October 29, 2007, estimates cumulative incremental net impacts from Waterfront revitalization at \$29.179 million from 2007 to 2011 and \$206.857 million from 2007 to 2021. The revenue generation and financing strategy report together with a business and financial plan as directed by Council is expected to identify alternative revenue generating and financing sources to help fund these impacts.

MOU Confirming Deliverables in 2008

In a bid to address recurrent under-spending by the Waterfront Toronto Corporation, Council has directed that a Memorandum of Understanding (MOU) with Waterfront Toronto be developed confirming deliverables in 2008 on a project by project basis as a pre-condition to approving the 5-Year Business Plan/10-Year Forecast (2007-2016). The MOU is expected to further enhance the Corporation's spending rate in 2008 and facilitate the timely implementation of the Waterfront projects beyond 2008.

Financial Securities Report

A staff report will be considered by Council on the funding for "Financial Securities" that will provide the City security from Waterfront Toronto and/or third parties constructing Municipal infrastructure. It is anticipated that the staff report will be prepared and presented to Council for consideration prior to the start of the 2009 Capital Budget process.

5-Year Capital Plan Issues**Front Street Extension/Gardiner Expressway/Lakeshore Corridor**

The existing commitments by the 3 orders of government to fund the Front Street Extension project of \$198.6 million would result in a potential funding shortfall of \$57.4 million based on 2004 estimates. Sources of funding for the potential shortfall based on revised project cost of \$256.0 million have not been identified and City Council is yet to decide on the future of the Front Street Extension/Gardiner Expressway/Lakeshore Corridor.

No funds will be spent on the project or the Gardiner EA until Council has made a decision on the future of the Gardiner/Lakeshore Corridor. It is anticipated that a report on Waterfront Toronto's options for potential Gardiner/Lakeshore improvements will be considered by Council in 2008.

Issues Referred to the Budget Process**Issues Referred to 2008 Capital Budget Process****The War of 1812 Bi-Centennial**

Council in July 2007 requested Waterfront Toronto and the Waterfront Secretariat to review the timing of the Front Street pedestrian bridge connecting Liberty Village area to Fort York for implementation prior to 2012 and report in time for the 2008 Capital Budget on the matter. It is anticipated a report on timing of the Front Street pedestrian bridge implementation prior to 2012 will be prepared and submitted to the Budget Committee/Council that identifies financial impacts (if any) on the Waterfront Revitalization Initiative recommended 2008 Capital Budget and the 5-Year Plan.

Outstanding Issues from Prior Years

No issues are outstanding from prior years.

Appendix 1

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

Appendix 2

2008 Recommended Cash Flow & Future Year Commitments

Appendix 3
2008 Recommended Capital Projects
with Financing Details

Appendix 4

Reserve / Reserve Fund Review

(\$000s)

Reserve / Reserve Fund Name	Project / Sub-Project Name and Number	Projected Balance as of December 31, 2007	Proposed Withdrawals (\$000s)				
			2008*	2009	2010	2011	2012
XR1714 Strategic Infrastructure Partnership RF	Balance and Contributions	245,000		245,000		245,000	
	Waterfront Toronto Corporate Costs WFT906728-1		1,519		3,902	6,317	2,500
	Union Station WFT906728-3		954	10,961	7,420	7,700	2,400
	Portlands Preparation WFT906728-6		3,956		2,700	1,500	
	Front Street Extension WFT906728-8		0		1,000		
	Port Union WFT906728-11		3,313	3,543			
	Mimico WFT906728-12		2,121				
	Precinct Planning Studies WFT906728-13		6				
	Precinct Implementation Projects WFT906728-15		33,631	9,068	11,325	3,121	9,000
	Transportation Initiatives WFT906728-19		305	26,031	24,128	6,550	5,000
	West Donlands/East Bayfront District Energy WFT906728-23		489	635			
	Naturalization of Don River WFT906728-38		2,337	4,600	6,041		6,589
	Urban Planning Resources WFT906728-40		290	281	298	316	
	Financial Securities - Letters of Credit WFT906728-41		7,060				
	Waterfront Project Secretariat WFT906728-27		251	266	281	296	311
	Sports Fields & Facilities & Parks Development WFT906728-24		5,625				
	Technical Studies WFT906728-26		429				
	Mouth of the Don EAs - WFT906728-5		3				
Total Proposed Withdrawals		\$245,000	\$62,289	\$55,385	\$57,095	\$25,800	\$25,800
*2008 proposed withdrawals includes funding carried forward from 2007 totalling \$11.158 million.							
Contribution Estimates							
Reserve/Reserve Fund Name			Dec-07	Dec-09	Dec-11	May-13	Total
XR1714 Strategic Infrastructure Partnership RF Contribution Estimates			\$245,000	\$245,000	\$245,000	\$245,000	\$980,000

Note: City Council at its meeting on July 25, 26, and 27, 2006 approved that one time proceeds from the divestiture of the City's investment in Toronto Hydro Corporation Promissory Note be contributed to a newly created Strategic Infrastructure Partnership Reserve Fund. The purpose of the Strategic Infrastructure Partnership Reserve Fund is to fund the City's major tax-supported strategic infrastructure programs (such as Spadina Subway Extension or rail transit in other parts of the City, and Waterfront Redevelopment) in partnership with other orders of government and major strategic tax-supported environmental capital projects with external funding partnership.