

# Analyst Briefing Notes

## Budget Committee Review (October 29, 2007)

Page

### PART 1: CAPITAL PROGRAM

Executive Summary .....	2
Recommendations .....	3
2007 Capital Variance Review .....	4
5-Year Capital Plan (2008 Recommended Budget, 2009-2012 Plan) .....	5
5-Year Capital Plan Overview .....	6
Recommended Changes to the 2007 – 2011 Capital Plan.....	6
Operating Budget Impact – 5-Year Plan.....	7
Total 2008 Recommended Cash Flow & Future Year Commitments.....	8

### PART II: ISSUES FOR DISCUSSION

2008 Capital Budget Issues.....	10
5-Year Capital Plan Issues.....	10
Issues Referred to the Budget Process.....	10

### APPENDICES

<b>Appendix 1:</b> 2008 Recommended Capital Budget; 2009 to 2012 Plan and 2013 to 2017 Estimates .....	11 (a) to (b)
<b>Appendix 2:</b> 2008 Recommended Cash Flow & Future Year Commitments.....	12 (a) to (b)
<b>Appendix 3:</b> 2008 Recommended Capital Projects with Financing Details .....	13 (a)
<b>Appendix 4:</b> Reserve / Reserve Fund Review .....	N/A

**Contacts:** Judy Skinner, Manager, Financial Planning  
Tel: (416) 397-4219

May Chong, Financial Planning Analyst  
Tel: (416) 397-4473

October 25, 2007

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

- The 2007 Approved Capital Budget of \$0.245 million was 71% spent as at September 30, 2007. The 2007 approved cash flow of \$0.245 million will be 100% spent by December 31, 2007 as both the custom built stage canopy and the additional lighting components capital projects are expected to be completed by year-end.
- The Recommended 2008 Capital Budget and 2009 to 2012 Capital Plan totals \$0.200 million and meets the Council approved debt affordability targets for each of the five years. The debt target is currently set at zero for years 2011 and 2012; however, an impending facility audit report may indicate future capital funding requirements.
- The 2008 Recommended Capital Budget of \$0.100 million in new debt funding is for a health and safety capital project to replace the large steel grate on the Square at the corner of Yonge and Dundas that is a safety hazard during wet weather.
- The 2009-2012 cash flow projections anticipate a base level of capital investment required to maintain the Yonge-Dundas Square infrastructure in a state of good repair for 2009 and 2010.
- The Program does not have a backlog of state of good repair projects as the Square is relatively new, and the facility audit is not yet complete.
- The Board of Management anticipates work will be required during the next five years to address issues related to the Square's sewage system, drainage of planting beds, electrical systems and granite and stainless steel replacement. The facility audit will provide a comprehensive multi-year plan to address these challenges.
- The 5-Year Capital Plan debt targets for years 2009 through 2012 will need to be revised once the results of the facility audit and State of Good Repair Report are completed.

### **Recommendations**

The City Manager and Chief Financial Officer recommend that:

1. the 2008 Recommended Capital Budget for Yonge-Dundas Square with a total project cost of \$0.100 million for one new project that requires new cash flow funding of \$0.100 million in 2008 and no future year commitments, be approved;
2. new debt service costs of \$0.003 million in 2008 and incremental costs of \$0.011 million in 2009 resulting from the approval of the 2008 Recommended Capital Budget, be approved for inclusion in the 2008 and future year operating budgets;
3. the 2009-2012 Capital Plan for Yonge-Dundas Square totalling \$0.100 million in project commitments and estimates, comprised of \$0.050 million in 2009; and \$0.050 million in 2010 be approved;
4. the Board of Management of Yonge-Dundas Square report back to the Deputy City Manager and Chief Financial Officer by no later than March 2008 on the facility audit results and its capital plan to maintain the Square in future years.

### 2007 Capital Variance Review

2007 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2007 Approved	Actuals as of Sept. 30 (3rd Qtr Variance)		Projected Actuals at Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
245	173	71	245	100	0

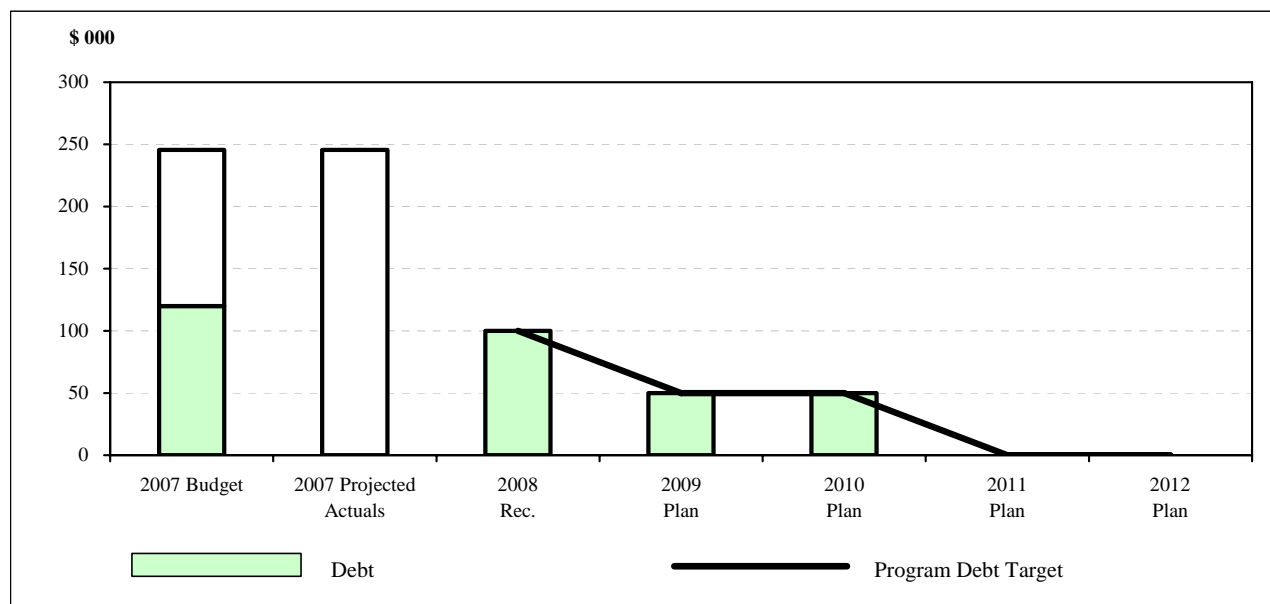
#### Comments / Issues:

- At the end of the 3rd quarter, Yonge-Dundas Square spent \$0.173 million or 71% of its 2007 Approved Capital Budget of \$0.245 million. Installation of a stage canopy has been completed and the additional lighting components are scheduled to be installed this fall.
- The 2007 approved cash flow of \$0.245 million will be 100% spent by December 31, 2007 as both the custom built stage canopy and the additional lighting components capital projects are expected to be completed by year-end.

#### Cost Containment Impact

No capital projects were deferred as part of the City's cost containment measures.

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



	2007		5-Year Plan					
	Budget	Projected Actual	2008	2009	2010	2011	2012	2008-2012
<b>Gross Expenditures:</b>								
2007 Capital Budget & Future Year Commitments	245	245						0
Recommended Changes to Commitments								0
2008 New/Change in Scope and Future Year Commitments			100					100
2009 - 2012 Plan Estimates				50	50			100
1-Year Carry Forward to 2008		0						
<b>Total Gross Annual Expenditures &amp; Plan</b>	<b>245</b>	<b>245</b>	<b>100</b>	<b>50</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>200</b>
<b>Program Debt Target</b>	<b>245</b>		<b>100</b>	<b>50</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>200</b>
<b>Financing:</b>								
Recommended Debt	120		100	50	50			200
<b>Other Financing Sources:</b>								
Reserves/Reserve Funds								0
Development Charges								0
Federal								0
Provincial								0
Other Revenue	125							0
<b>Total Financing</b>	<b>245</b>		<b>100</b>	<b>50</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>200</b>
<b>By Category:</b>								
Health & Safety	120		100					100
Legislated								0
SOGR				50	50			100
Service Improvement								0
Growth Related	125							0
<b>Total By Category</b>	<b>245</b>		<b>100</b>	<b>50</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>200</b>
Yearly SOGR Backlog Estimate (not addressed by current plan)			Not yet available.					
Accumulated Backlog Estimate (end of year)								
<b>Operating Impact on Program Costs</b>			None					
<b>Debt Service Costs</b>			3	13	7	6		28

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

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

### **Overview**

- Yonge-Dundas Square's present 5-Year Capital Plan begins to address safety issues and state of good repair as the venue infrastructure ages.
- In 2008, the Board of Management is undertaking a safety-related capital project costing \$0.100 million to replace the large steel grate at the corner of Yonge and Dundas known as the Oculus. The current steel grate is a safety hazard (slip and fall) in the wintertime and during wet weather.
- The Yonge-Dundas Square Capital Program reflects emerging demands for state of good repair projects. The Board of Management is currently working with the Facilities and Real Estate Division on a facility audit and State of Good Repair Report. This report will be available by the end of 2007.
- The Board of Management anticipates work will be required during the next five years to address issues related to the Square's sewage system, drainage of planting beds, electrical systems and granite and stainless steel replacement. The State of Good Repair Report will result in a comprehensive multi-year plan to address these challenges.
- The current plan includes \$0.050 million for anticipated state of good repair projects in each of 2009 and 2010. This plan will be updated once the State of Good Repair analysis has been completed in late 2007.
- No debt target has been assigned for years 2011 and 2012 pending a facility audit of the Square and the resultant State of Good Repair Report recommendations.

### **Multi Year Debt Affordability Target**

The 2008-2012 Capital Plan has met the Council approved debt affordability targets for each of the years for which a debt target has been assigned to this Program. The debt target is zero for years 2011 and 2012. However, the facility audit report may indicate future capital funding requirements.

### **Program Capacity and Readiness to Proceed**

Capacity is generally not an issue with this Program. However, due to the unique nature of Yonge-Dundas Square's capital projects, some requiring design and engineering studies, the capital projects may require a longer timeframe than one year to complete.

### **Recommended Changes to the 5-Year Plan**

Yonge-Dundas Square's 5-Year Capital Plan has not changed since the 2007-2011 Capital Plan was approved by Council in 2006.

## Backlog of Projects – Unmet Needs

The Program does not have an existing backlog of state of good repair projects as the Square is relatively new. The Board of Management is currently working with the Facilities and Real Estate Division to conduct a facility audit in 2007 to prepare a long term plan to maintain the Square in a state of good repair. The State of Good Repair Report, expected by the end of 2007, may identify possible new funding demands in addition to what is being projected for years 2009 and 2010.

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

Incremental Operating Budget Impact	2008	2009	2010	2011	2012
<b>2008 Recommended Capital Budget</b>					
Program Costs (net) (\$000s)	-	-	-	-	-
Approved Positions	-	-	-	-	-
Debt Service Charges (\$000s)	3	11	-	-	-
<b>Recommended 2009-2012 Capital Plan</b>					
Program Costs (net) (\$000s)	-	-	-	-	-
Approved Positions	-	-	-	-	-
Debt Service Charges (\$000s)	-	2	7	6	-
<b>Total</b>					
Program Costs (net) (\$000s)	-	-	-	-	-
Approved Positions	-	-	-	-	-
Debt Service Charges (\$000s)	3	13	7	6	-
<i>Debt service cost of repayment of principal and interest is calculated according to corporate guidelines, in the following manner: 3.0% Year 1, and 14% for subsequent years.</i>					

## Program Operating Impacts

There are no operating impacts arising from the approval of the 2008 Recommended Capital Budget and the Recommended 2009-2012 Capital Plan.

## Debt Service Cost

The 2008 Recommended Capital Budget will result in new debt service costs of \$0.003 million in 2008 and incremental cost of \$0.011 million in 2009. The Recommended 2009-2012 Capital Plan will result in new debt service costs of \$0.015 million.

**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													0
Change in Scope													0
New			100	100			100						100
New w/Future Year													0
<b>Total Expenditure</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>100</b>		<b>0</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>
<b>Financing</b>													
Debt			100	100	100		100						100
Subsidy (SCPI)													0
Prov. Subsidy/Grant													0
Development Charges													0
Other													0
Federal Grants													0
Reserves/Res Funds													0
<b>Total Financing</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>100</b>		<b>0</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>

- The 2008 Recommended Capital Budget of \$0.100 million, funded from debt, will provide for the replacement of the large steel grating on the Square.
- There are no future year commitments arising from the approval of the 2008 Recommended Capital Budget.



## **2008 Recommended Capital Budget**

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

The 2008 Recommended Capital Budget for Yonge-Dundas Square of \$0.100 million meets the debt target.

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

The 2008 Recommended Capital Budget consists of one health and safety project, that to replace the steel grating on the Square at the corner of Yonge and Dundas.

**PART II: ISSUES FOR DISCUSSION****2008 Capital Budget Issues**

There are no 2008 Capital Budget issues.

**5-Year Capital Plan Issues****Future Year Targets**

The future years' debt targets will be revisited once the results of the facility audit and State of Good Repair Report are completed. The Board of Management is currently working with the Facilities and Real Estate Division on a State of Good Repair Report resulting from the facility audit of the Square.

Despite still being a fairly recently built facility, issues pertaining to state of good repair, deferred maintenance and cost containment measures during the construction of the facility continue to emerge. Unfortunately, the City never received the as-built drawings of the Square when construction was completed. This has delayed the State of Good Repair Report as there is an unusually significant amount of exploratory work needed to determine both short and long term maintenance and rehabilitation projections.

The Board of Management anticipates work will be required during the next five years to address issues related to the Square's sewage system, drainage of planting beds, electrical systems and granite and stainless steel elements. The State of Good Repair Report will result in a comprehensive multi-year plan to address these challenges.

The current plan includes an estimated \$0.050 million for state of good repair in each of 2009 and 2010. A debt target of \$0 (zero) is shown for years 2011 and 2012, although this may need to be revisited. The 5-Year Capital Plan debt targets for years 2009 through 2012 will need to be revised once the state of good repair analysis has been completed in December 2007.

It is recommended that the Board of Management of Yonge-Dundas Square report back to the Deputy City Manager and Chief Financial Officer on the audit results by no later than March 2008, in time to establish debt targets for future years.

**Issues Referred to the Budget Process****Issues Referred to 2008 Capital Budget Process**

None.

## **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**