

City of Toronto

2008 Capital Budget & 2009 – 2012 Capital Plan

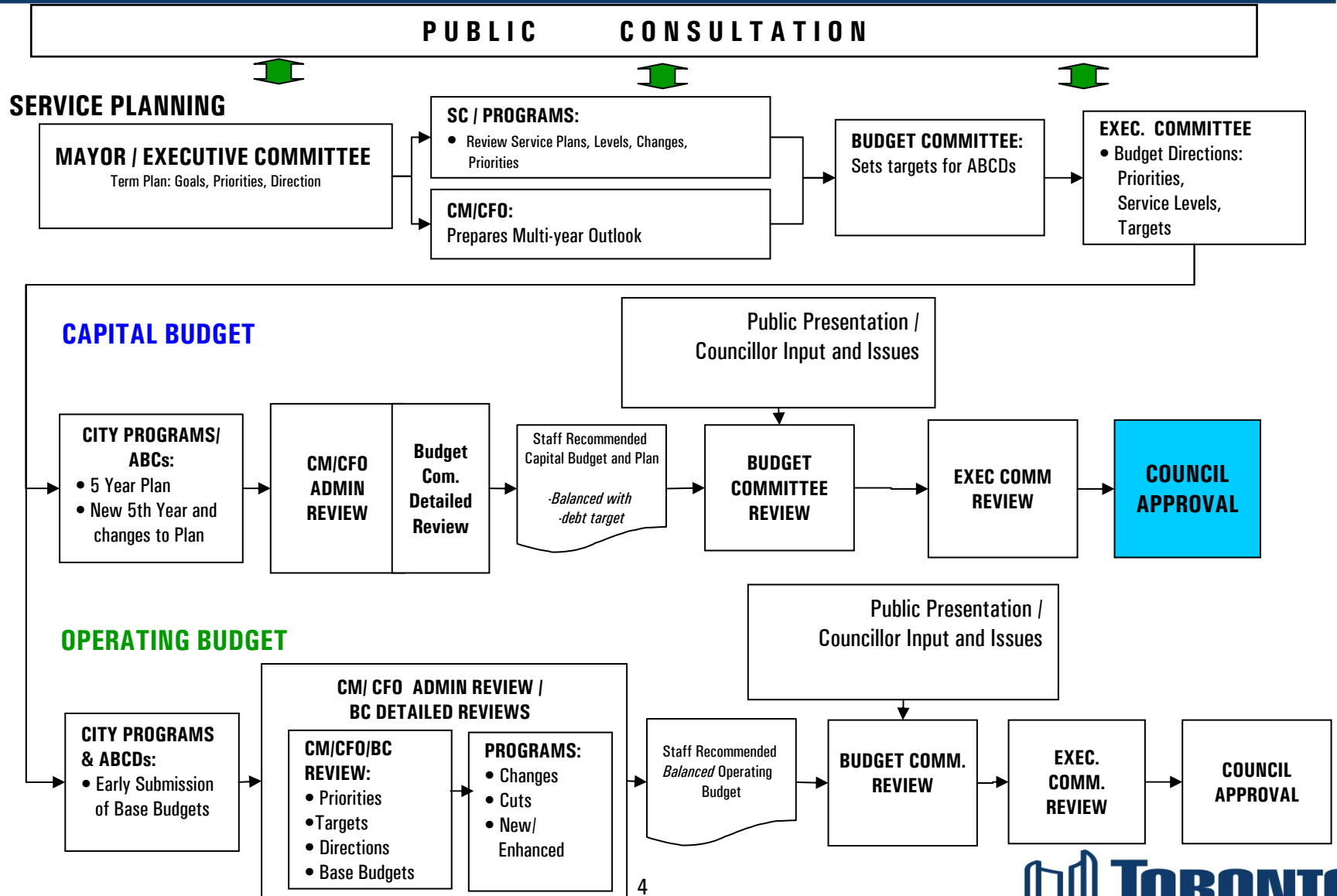
December 11, 2007

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Financial Planning Process

2008 Financial Planning Process



Directions on 2008 Budget Process

- Begin work early in 2007 to establish service priorities and financial targets:
 - Guided by the Mayor's term priorities and Council's policy agenda, Budget Committee to:
 - ✓ review City Program and ABC service plans
 - ✓ assess service issues and outcomes to establish service priorities and service levels
- Based on a multi-year financial outlook, the Budget Committee to recommend budget targets, directions and strategies
- Budget Committee to recommend a 2008 Capital Budget and 2009 – 2012 Capital Plan to Executive Committee

Guidelines and Targets

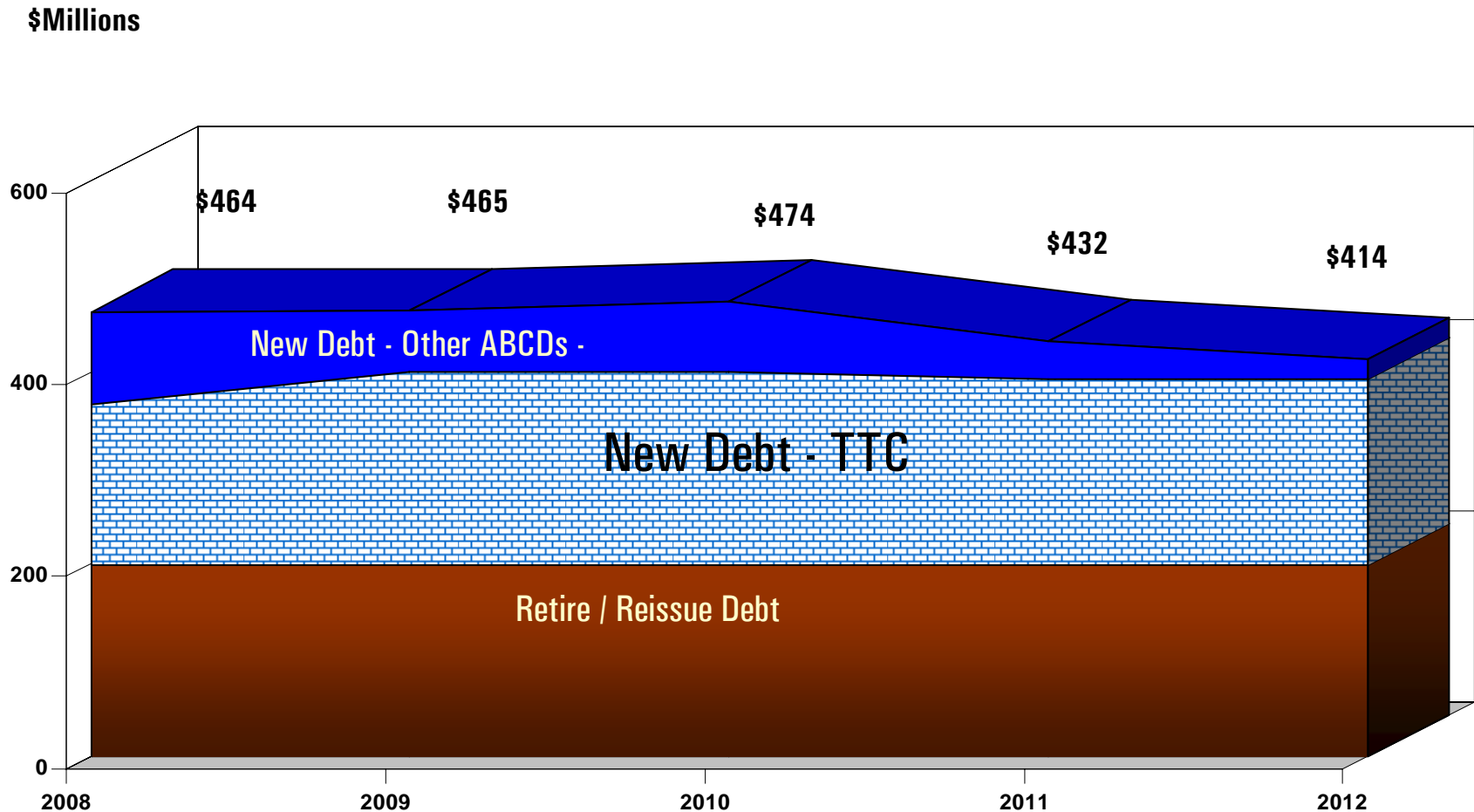
2008 – 2012 Capital Budget and Plan – Guidelines and Debt Targets

- Five-Year Capital Plan rules of engagement apply:
 - 2008 – 2011 capital plan is basis for developing the 2008 – 2012 Capital Budget and Plan
 - add new fifth year
 - approved debt levels to be maintained by year
 - acceleration of projects to be offset by deferral of other projects with equal value
- 2012 debt and CFC target set at \$614 million - same level as 2011
- 2008 CFC = \$136 million with 10% annual increase in future years
- Allocate available funds in following priority order:
 - Previously approved projects already in progress
 - New Health and Safety, Legislated and SOGR projects

2008 - 2012 Debt & CFC Targets (\$Millions)

	2007 Council Approved Debt/CFC	2008	2009	2010	2011	2012	Total 2008-2012
Baseline Debt (Retire / Reissue)	200	200	200	200	200	200	1,000
New Debt:							
TTC	200	167	200	200	194	194	955
City	107	97	65	74	38	20	294
Total New Debt	307	264	265	274	232	214	1,249
Total Debt	507	464	465	474	432	414	2,249
Capital from Current (CFC)	124	136	150	165	182	200	833
Total Debt & CFC	631	600	615	639	614	614	3,082

76.5% of New Debt Target Allocated to TTC



2008 Capital Budget and 2012 Recommended and Plan

2008 - 2012 Capital Budget and Plan vs. Debt and CFC Target (\$ Millions)

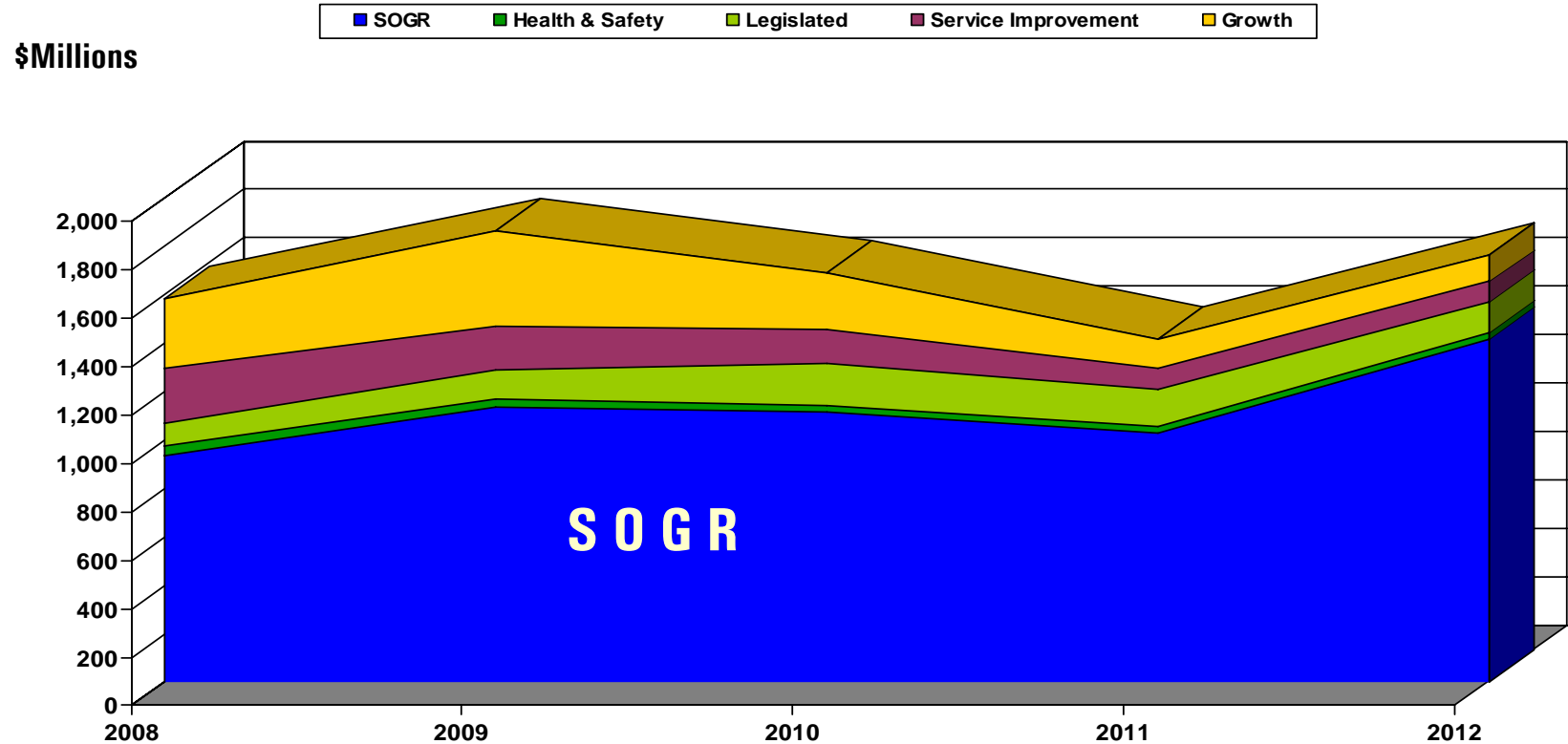
	2008				2009 - 2012				Total			
	Gross	Debt/ CFC	Target	Over / (Under)	Gross	Debt/ CFC	Target	Over / (Under)	Gross	Debt/ CFC	Target	Over / (Under)
Citizen Centred Services 'A'	127.6	67.5	61.8	5.7	384.3	251.7	241.9	9.8	511.9	319.2	303.7	15.5
Citizen Centred Services 'B'	387.7	203.1	213.5	(10.4)	1,498.1	796.5	864.7	(68.2)	1,885.8	999.6	1,078.2	(78.6)
Internal Services	117.9	51.7	51.7	(0.0)	498.6	214.7	181.2	33.5	616.5	266.4	232.9	33.5
Other City Programs	44.2	11.7	8.6	3.1	243.3	142.3	105.4	36.9	286.6	154.0	114.0	40.0
Total City Operations	677.4	333.9	335.6	(1.7)	2,624.3	1,405.3	1,393.2	12.1	3,300.8	1,739.2	1,728.8	10.4
ABCs Excluding TTC	178.9	98.5	97.7	0.8	528.1	303.7	300.2	3.5	707.0	402.2	397.9	4.3
Total Tax Supported Excl. TTC	856.3	432.4	433.3	(0.9)	3,152.4	1,709.0	1,693.4	15.6	4,007.8	2,141.4	2,126.7	14.7
Toronto Transit Commission:												
Toronto Transit Base	692.6	163.7	167.2	(3.5)	3,426.1	1,212.7	788.7	424.0	4,118.7	1,376.4	955.9	420.5
Transit City Plan	4.8	-	-	-	3.0	-	-	-	7.8	-	-	-
Sub-Total	697.4	163.7	167.2	(3.5)	3,429.1	1,212.7	788.7	424.0	4,126.5	1,376.4	955.9	420.5
Spadina Subway Extension	56.1	-	-	-	164.0	-	-	-	220.1	-	-	-
Total Toronto Transit Commission	753.5	163.7	167.2	(3.5)	3,593.1	1,212.7	788.7	424.0	4,346.6	1,376.4	955.9	420.5
Total Tax Supported Capital Program	1,609.8	596.1	600.5	(4.4)	6,745.5	2,921.7	2,482.1	439.6	8,354.4	3,517.8	3,082.6	435.2
Rate Supported Program:												
Toronto Parking Authority	23.1	0.0	0.0	0.0	113.1	0.0	0.0	0.0	136.2	0.0	0.0	0.0
Total Capital Program	1,632.9	596.1	600.5	(4.4)	6,858.6	2,921.7	2,482.1	439.6	8,490.6	3,517.8	3,082.6	435.2

2008 - 2012 Capital Budget and Plan - by Category and Financing Source

Expenditures	2008 Budget	Capital Plan					TOTAL 2008 - 2012	Percent of Total
		2009	2010	2011	2012	TOTAL 2009 - 2012		
Health and Safety	44	34	29	26	29	118	162	1.9%
Legislated	96	117	173	154	126	570	666	8.0%
State of Good Repair	926	1,134	1,109	1,026	1,413	4,683	5,609	67.1%
Service Improvement and Enhancement	235	186	143	93	88	510	745	8.9%
Growth Related	309	399	236	119	110	864	1,173	14.0%
Total Gross Expenditures	1,610	1,870	1,691	1,418	1,766	6,745	8,355	100.0%
Financed By:								
Provincial	265	290	228	185	313	1,017	1,282	15.3%
Federal	282	291	248	236	367	1,142	1,425	17.0%
Development Charges	31	92	25	24	27	169	200	2.4%
Reserve / Reserve Funds	211	203	167	125	131	626	839	10.0%
Capital from Current	136	150	165	182	200	697	833	10.0%
Other	151	210	181	115	76	583	734	8.8%
Debt	460	557	588	483	596	2,225	2,685	32.1%
Debt - Recoverable	72	76	88	68	54	286	358	4.3%
Total Financing	1,610	1,870	1,691	1,418	1,766	6,745	8,355	100.0%

2008 – 2012 Capital Budget and Plan

- 67% Investment in SOGR



	2008	2009	2010	2011	2012	2008-2012	% of Total
SOGR	926	1,134	1,109	1,026	1,413	5,608	67%
Health & Safety	44	34	29	26	29	162	2%
Legislated	96	117	174	154	126	667	8%
Service Improvement	235	186	143	93	88	745	9%
Growth	309	399	236	119	110	1,173	14%
Total	1,610	1,870	1,691	1,418	1,766	8,355	100%

TTC : 2008-2012 Recommended Capital Plan

- Excludes Spadina Subway Extension (\$Millions)

	2007	2008	2009	2010	2011	2012	2008-2012
COMMISSION REQUESTED BUDGET	707	749	935	819	725	1,173	4,402
Unallocated Reduction	-	(53.0)	(57.0)	(48.9)	(47.6)	(69.5)	(276)
2008 Recommended Budget and 2009 - 2012 Capital Plan	707	696	878	771	677	1,104	4,126
Funding Sources							
Ontario Transit Vehicle Program / Bus Replacement Program (OTVP/OBRP)	15	17	17	17	9	13	75
Ontario Rolling Stock Infrastructure Funding	61	59	-	-	-	-	59
Long Term Vehicle Funding Requirement	-	10	92	84	76	219	481
Golden Horseshoe Transit Investment Partnerships	10	-	-	-	-	-	-
Kipling/Islington Redevelopment	-	13	13	6	-	-	32
Canada Strategic Infrastructure Program (CSIF)	79	69	47	30	20	7	173
Provincial gas tax	70	70	70	70	70	70	348
Total Provincial Funding	235	238	239	207	175	309	1,168
Canada Strategic Infrastructure Program (CSIF)	85	75	50	32	21	7	185
Building Canada Fund (BCF - CSIF Additional)	-	18	30	34	44	198	324
Transit-Secure Funding	4	4	0	-	-	-	4
Base Federal Gas Tax - 5 cent (population)	65	81	163	163	163	163	733
Additional Support for Transit Federal Gas Tax - 1 cent (ridership)	-	-	-	-	-	-	-
Public Transit Capital Trust (ridership)	75	78	-	-	-	-	78
Total Federal Funding	229	255	244	229	228	367	1,323
TTC internal (depreciation)	17	18	18	18	18	18	90
Other / Reserves	5	22	23	7	-	-	52
Development charges	4	-	73	14	15	15	117
Total Other Funding	25	40	114	39	33	33	259
City Debt Target - revised	227	167	200	200	194	194	956
Total Funding	716	701	796	676	630	903	3,706
Funding Shortfall (Surplus)	(9)	(4)	82	95	47	200	420

Key Transit Funding Issues

- The TTC's 2008 Capital Budget and 2009 – 2012 Capital Plan exceeds the affordable debt target by \$420 million as compared to \$197 million in the 2007-2011 Budget (after annual 10% unallocated reduction of \$276 million).
- The TTC has put forward five transit project packages for consideration for additional Provincial / Federal funding: New LRT Cars for streetcar replacement, Scarborough rapid transit upgrade, Yonge/University/Spadina subway capacity enhancements, Accessibility and GTA Farecard.
- If the Province provides funding for these five packages of projects, the City would have \$938 million more net transit funding
- Funding assumptions/initiatives were made:
 - \$481 million in long-term vehicle funding from the Province
 - \$324 million in long-term funding for rail vehicles from the Federal government
- The TTC's Capital Program would then be fully funded
- 2009-2012 Capital Plan subject to confirmation of above Province/Federal funding by Spring 2008

TTC : Funding Need

- Excludes Spadina Subway Extension & Transit City Plan (\$Millions)

Funding Shortfall	420
• Unspecified cut - scope reduction	276
Total Funding Shortfall	696
Implicit Funding Assumptions:	
• Provincial Long Term Funding	481
• Federal BCF Funding	324
Total Implicit Funding Assumptions	805
Real Funding Needs - to be Pursued	1,501

What's in the 2008 Capital Budget

- Transit

- Deliver new buses for TTC conventional service (193) and Wheel-Trans (50) for a total of 908 new conventional buses by 2017 (\$166.03 million)
- Begin purchase of 204 low floor accessible Light Rail Vehicles to replace existing streetcars plus 21 growth cars with delivery of a prototype by 2010 (\$54.99 million)



What's in the 2008 Capital Budget

- Transit

- Make milestone payments on 234 new subway cars (39 train sets) which will increase capacity by 8 per cent (\$79.405 million)
- Design state-of-the-art train control and signalling systems on Yonge / University / Spadina subway line (\$54.829 million)



Climate Change, Clean Air and Sustainable Energy Action Plan (\$Millions)

1.0 Sustainable Energy Program	
1.1 Existing Energy Programs - (City Loan)	
Energy Retrofit Program	9.300
Better Buildings Partnership Loan Program	5.713
Sub-total Existing Programs	15.013
1.2 New Programs (Strategic Infrastructure Partnership Reserve Fund)	
Toronto Energy Conservation Fund	42.000
Toronto Green Energy Fund	20.000
Deep Lake Water Cooling	8.235
City Facilities Upgrades	13.000
Sub-total New Programs	83.235
Total Sustainable Energy Program	98.248
2.0 Climate Change and Clean Air (Strategic Infrastructure Partnership Reserve Fund)	
Live Green Toronto	14.550
Eco-Roof Program	2.400
Climate Change Adaptation, DLWC, Air Quality Monitoring, Phasing Out Two Stroke Engines	3.240
Sub-total Climate Change and Clean Air	20.190
TOTAL ALL PROGRAMS	118.438

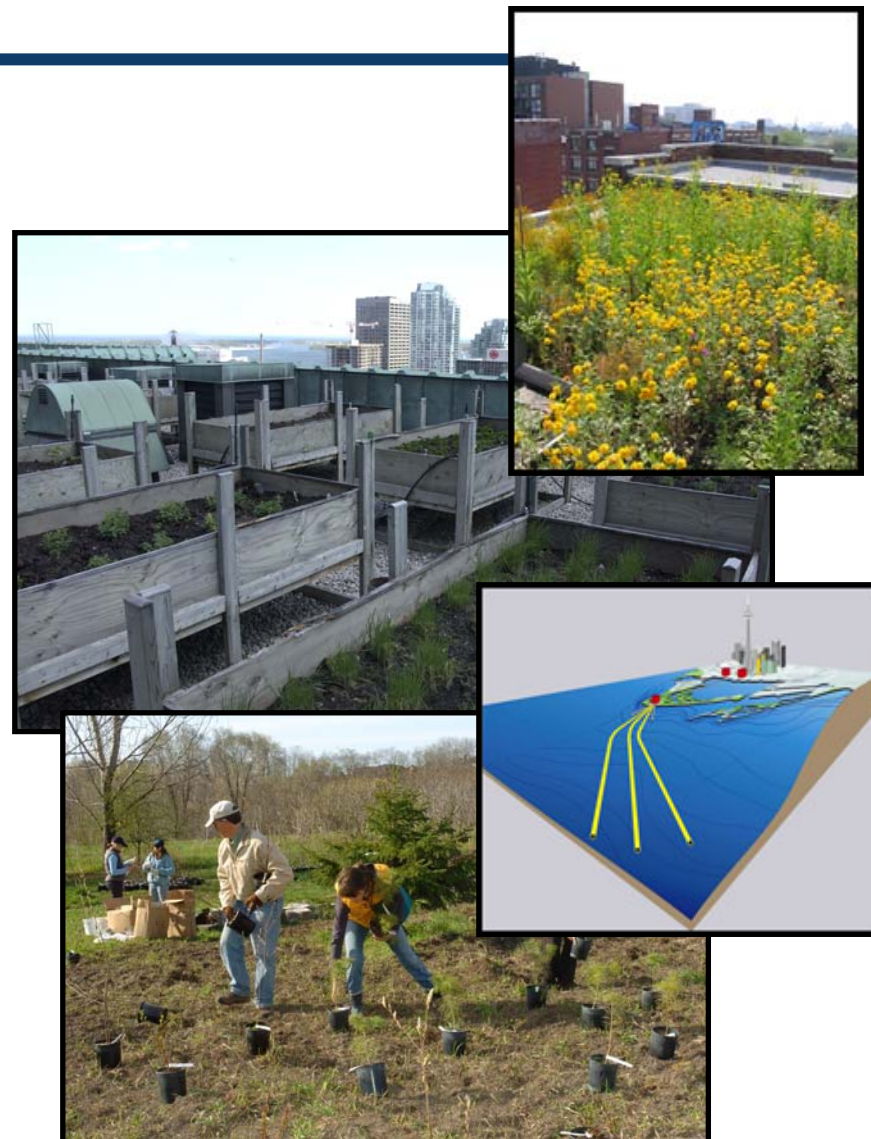
Climate Change, Clean Air and Sustainable Energy Action Plan (\$Millions)

Year	Existing Energy Programs	New Sustainable Energy Programs	Climate Change and Clean Air	Total
2008	6.818	14.680	2.460	23.958
2009	4.074	21.495	4.725	30.294
2010	2.081	36.055	4.895	43.031
2011	0.973	7.005	4.185	12.163
2012	1.067	4.000	3.925	8.992
Total	15.013	83.235	20.190	118.438

What's in the 2008 Capital Budget

- Environment

- Begin implementation of the Sustainable Energy Action Plan
 - Toronto Energy Conservation Fund (\$6.0 million)
 - City of Toronto Green Fund (\$3.0 million)
 - Deep Lake Water Cooling (\$5.035 million)
- Trees
 - Planting & Maintenance (\$7.0M)
 - Naturalization (\$2.3M)



What's in the 2008 Capital Budget

- Environment

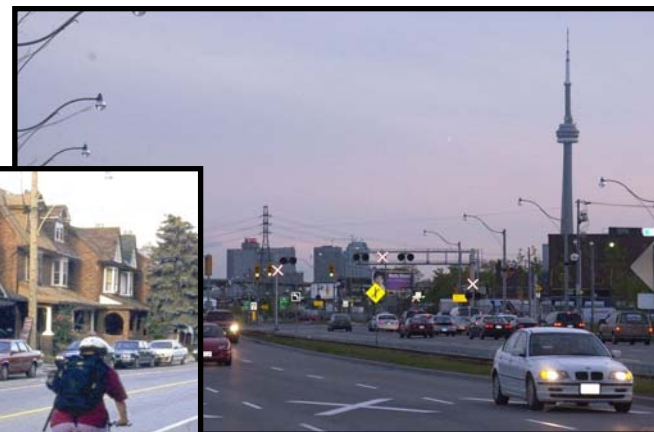
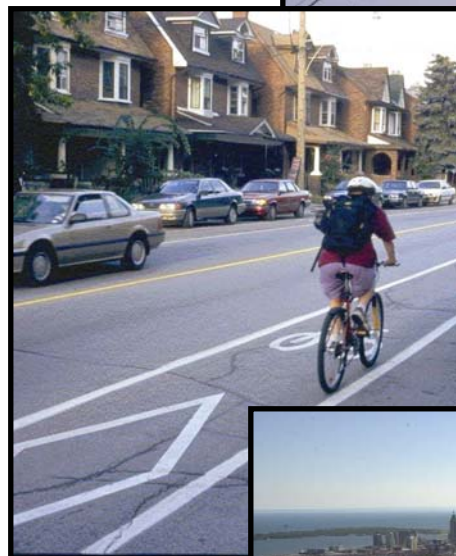
- Continue implementation of the 70% Waste Diversion Plan (\$59.696 million)
- Adopt an energy efficiency plan at Exhibition Place (\$11.475 million)
- Climate Change Action Plan
 - Live Green (\$1.5 million)
 - Air Quality (\$0.6 million)



What's in the 2008 Capital Budget

- Transportation

- Continue to maintain 124 kms of roads and rehabilitate 16 bridges (\$112.50 million)
- Continue implementation of bikeway (\$5.5 million)
- Continue to increase transportation service, safety and capacity (\$53.65 million)



What's in the 2008 Capital Budget

- Community and Recreation Services

- Continue development of mixed-use, transit-friendly waterfront communities that include parks and public spaces in the East Bayfront and West Donlands (\$55.13 million)
- Continue development of Toronto Public Library's Virtual Branch Services (\$2.127 million)



What's in the 2008 Capital Budget

- Community and Recreation Services

- Begin the Regent Park Child Care Replacement Project (\$0.950 million)
- Advance Council's strategic priority to invest in the City's 13 Priority Neighbourhoods (\$9.08 million)



What's in the 2008 Capital Budget

- Public Safety & Emergency Services

- Continue ongoing Fire Station and facilities maintenance (\$3.395 million)
- Continue construction of the 11th Division Police Station and a New Training Facility (\$69.11 million)
- Complete critical upgrades to EMS/Fire Headquarters power supply to ensure system integrity in the event of a power disruption (\$2.29 million)

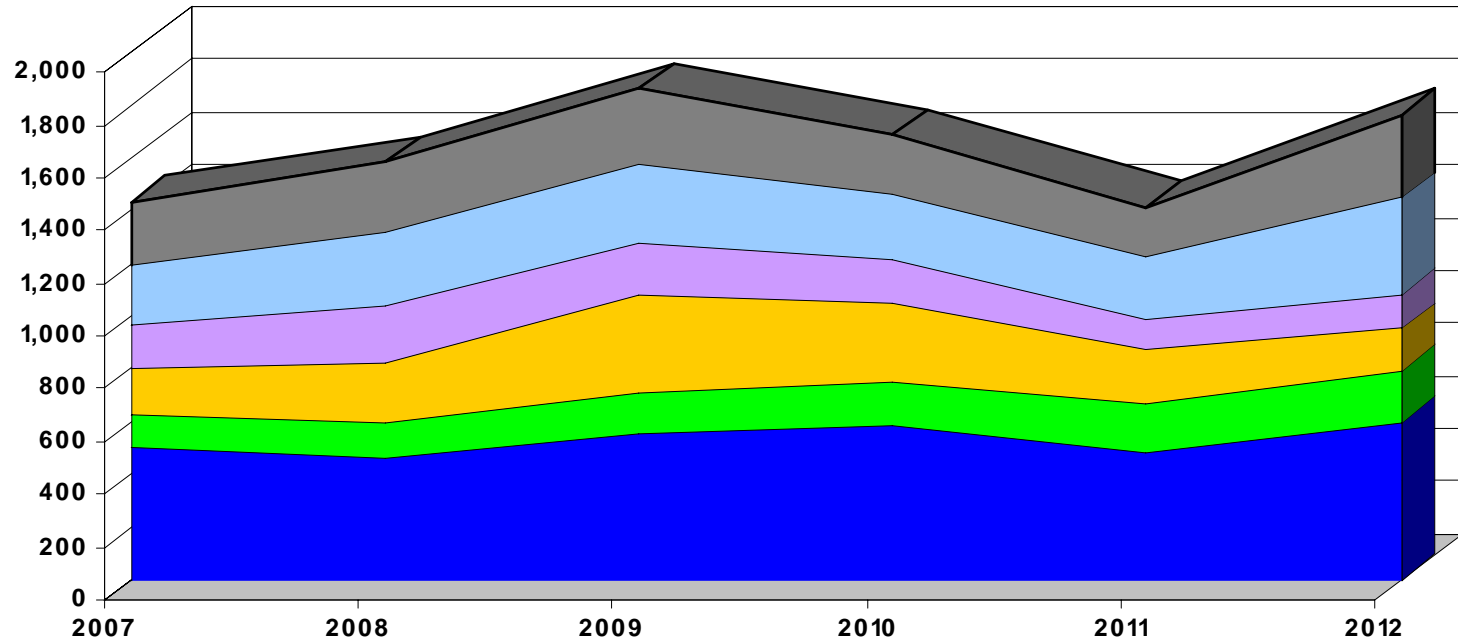


2008 – 2012 Capital Budget and Plan

- 32% Financed by Debt

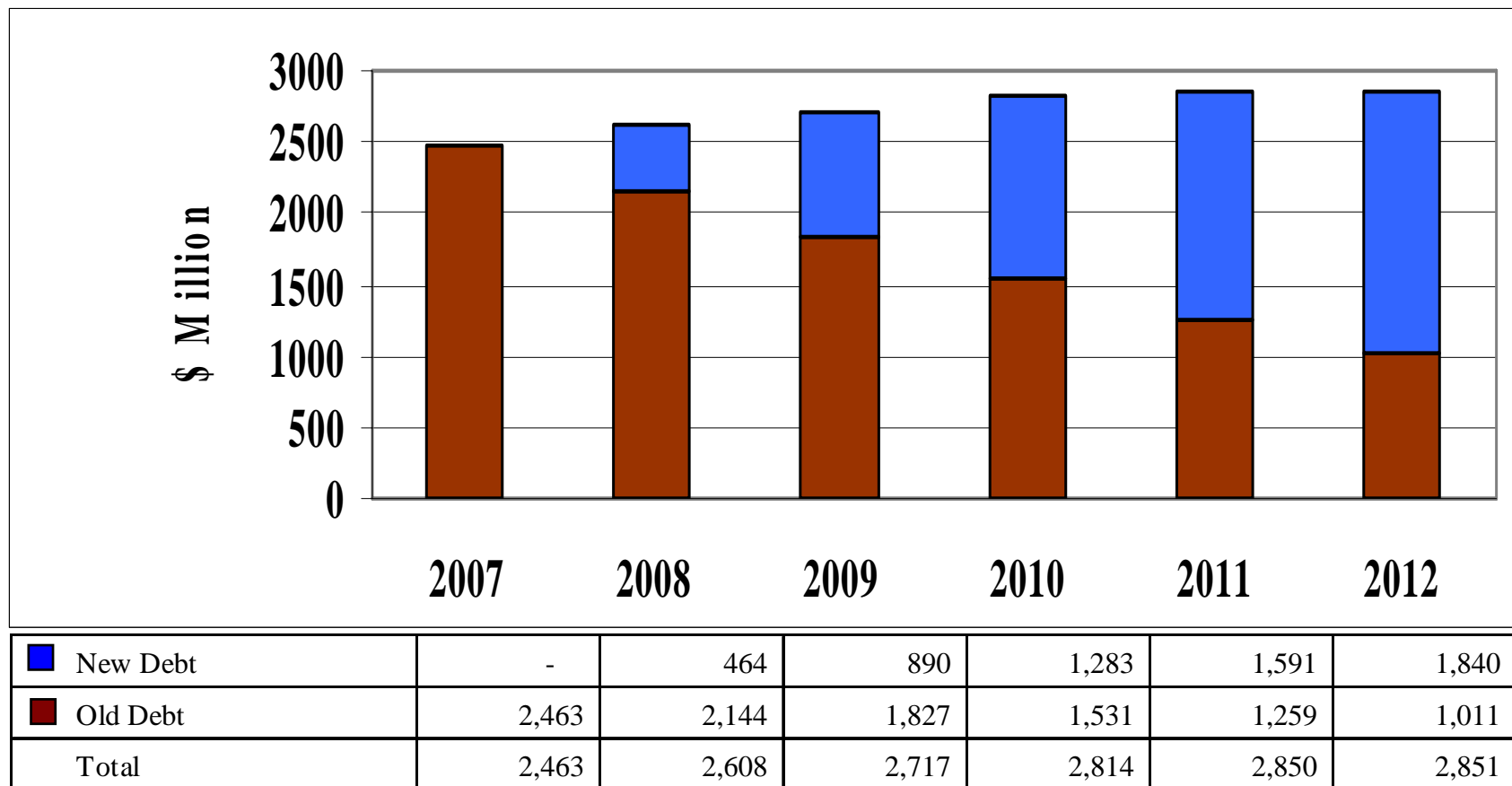
\$Millions

■ Debt ■ CFC ■ Other ■ Res. ■ Fed ■ Prov.

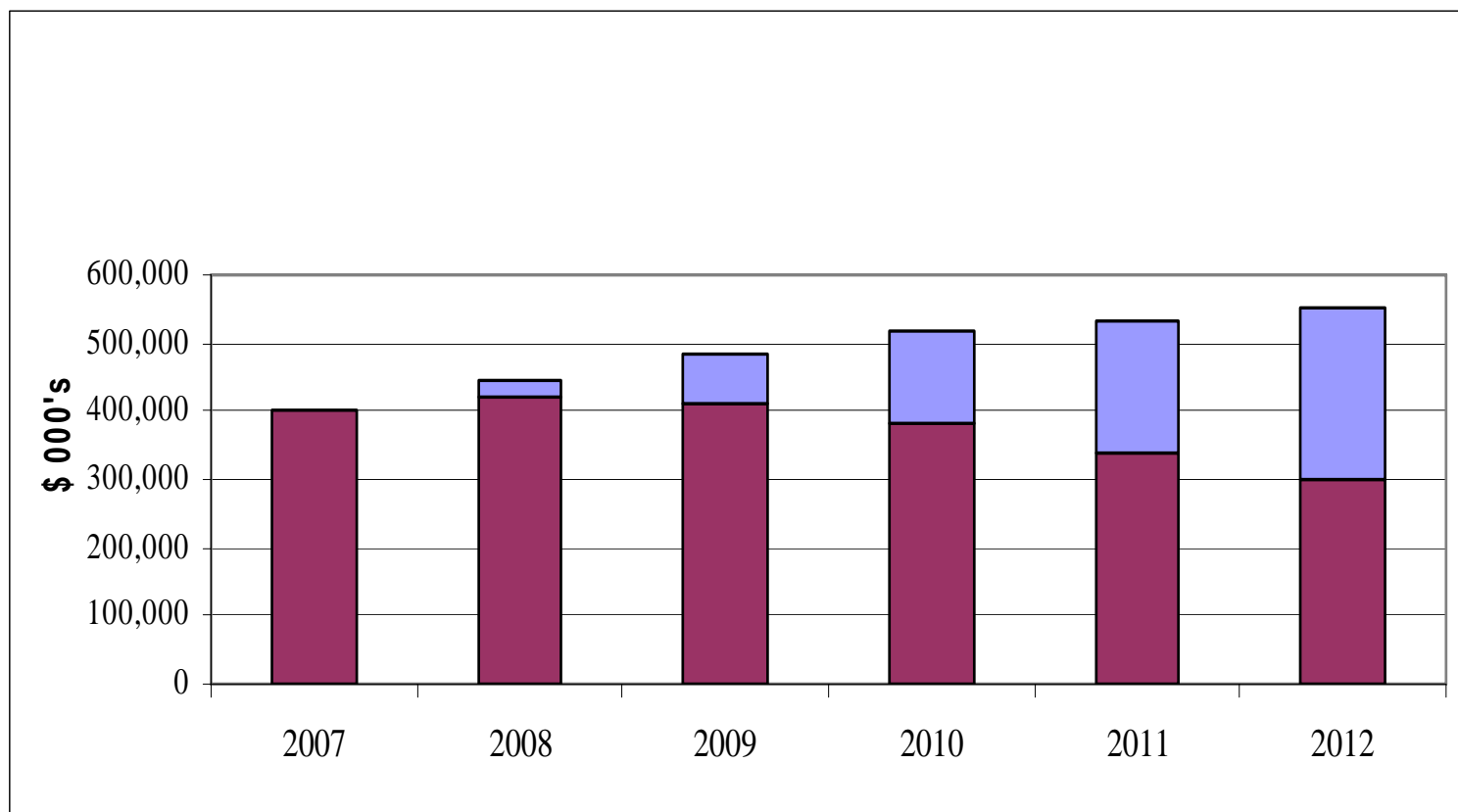


	2007	2008	2009	2010	2011	2012	2008-2012
Debt	507	460	558	588	483	596	2,685
CFC	124	136	150	165	182	200	833
Other (Incl. Debt Recoverable)	291	224	286	269	183	130	1,092
Reserves	162	243	295	193	149	158	1,038
Federal Sub.	230	282	291	248	236	368	1,425
Prov.	234	265	290	228	185	313	1,281
Total	1,548	1,610	1,870	1,691	1,418	1,766	8,355

Net Outstanding Tax Supported Debt

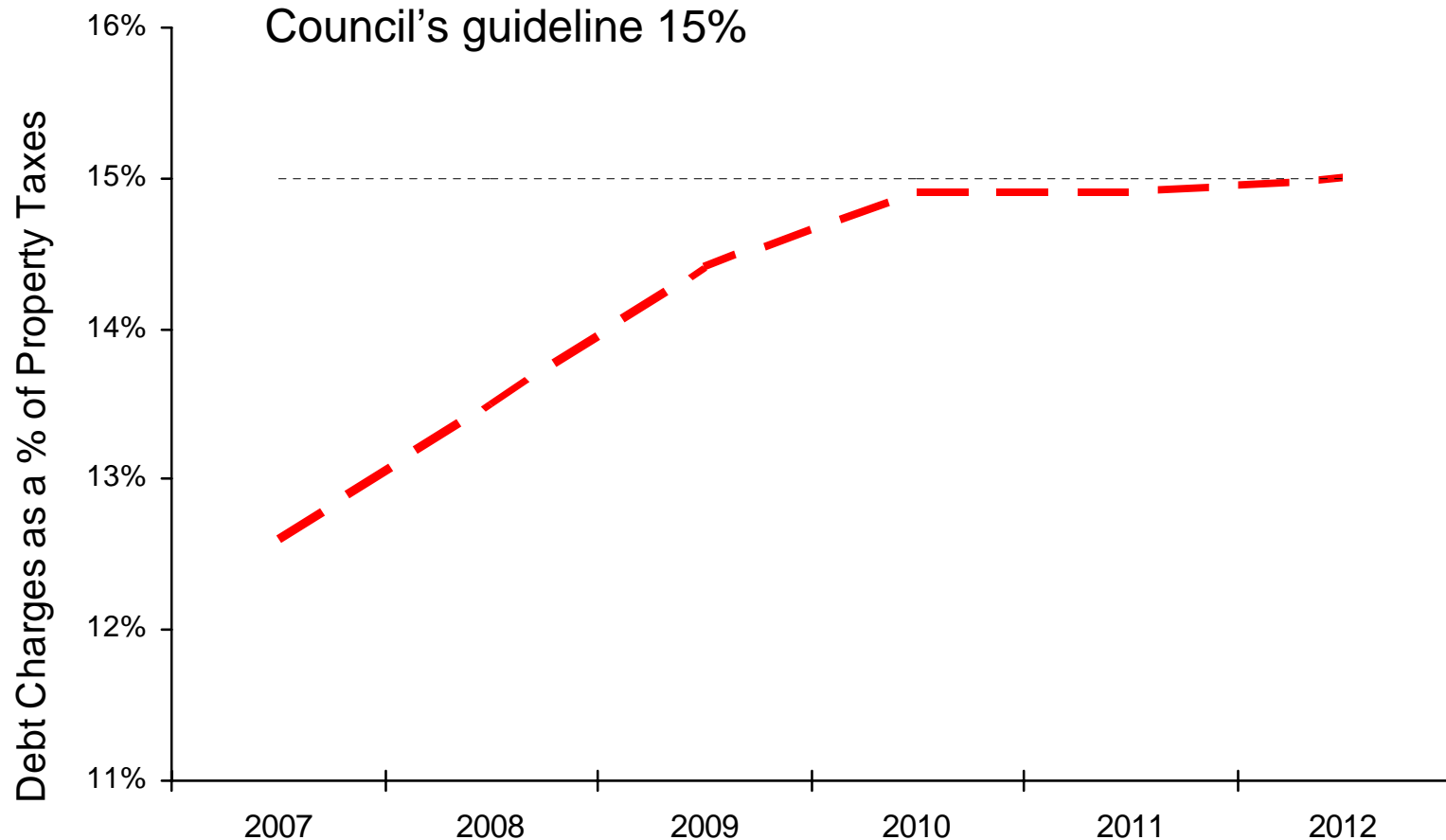


Debt Service Charges



Debt Service (New Debt)		21,909	71,735	132,770	193,772	249,850
Debt Service (Old Debt)	402,823	421,158	412,919	384,202	339,008	301,624
Total Debt Service	402,823	443,067	484,654	516,972	532,780	551,474

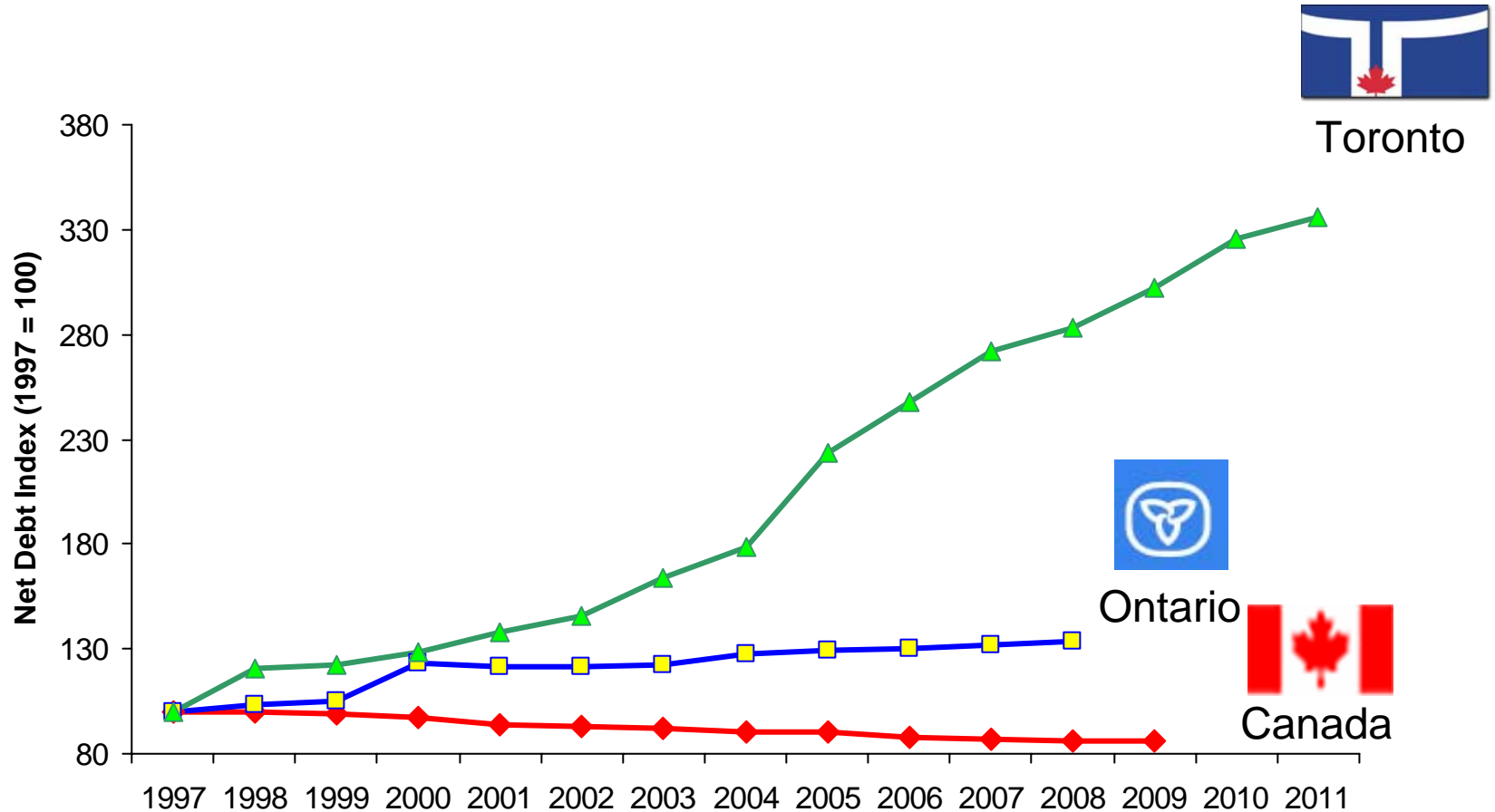
Debt Charges Forecasted to Fall Within Council's Guideline



2008 – 2012 Capital Plan

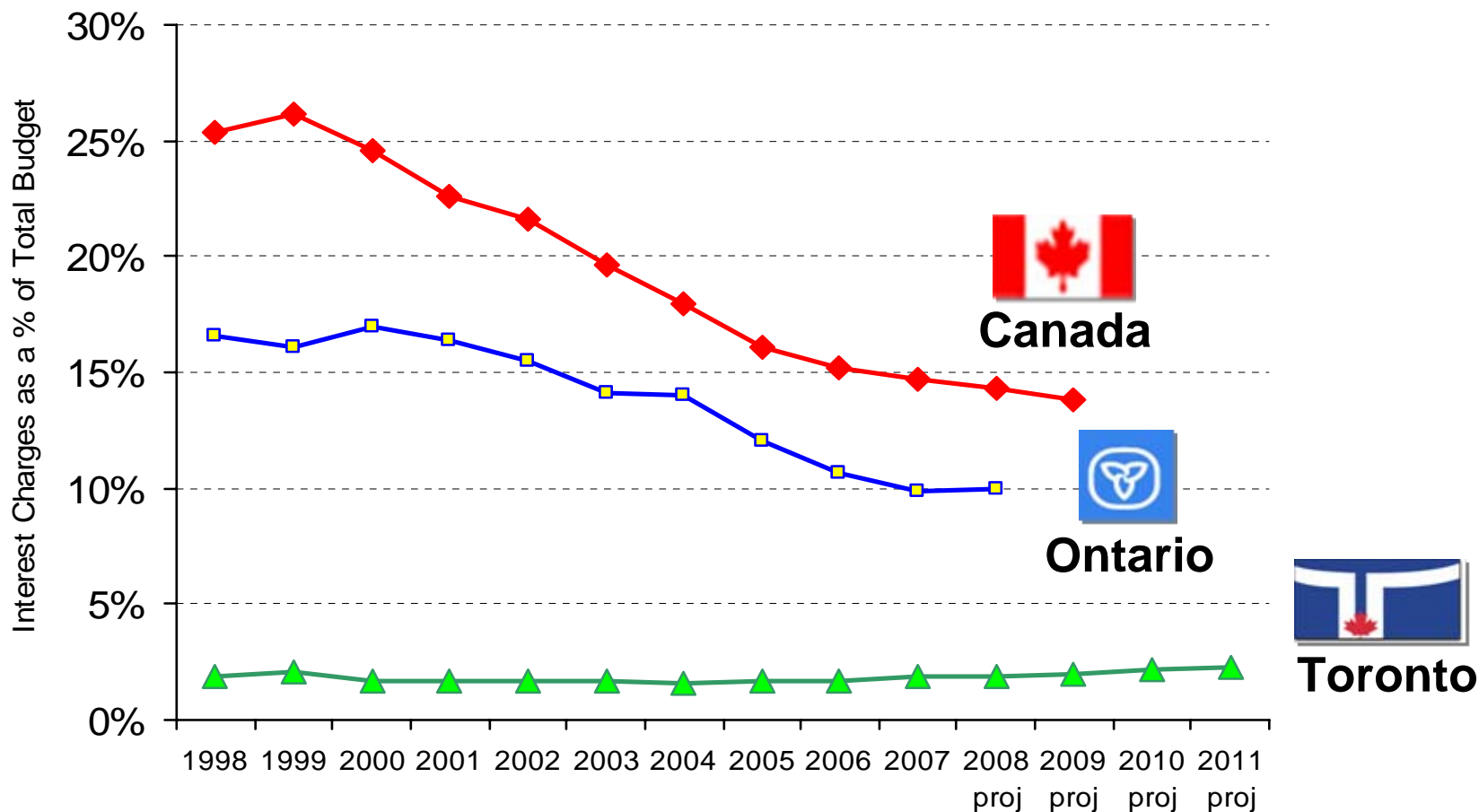
Debt charges include principal and interest payments

Comparison of Debt Levels of Three Orders of Government (Tax Supported)



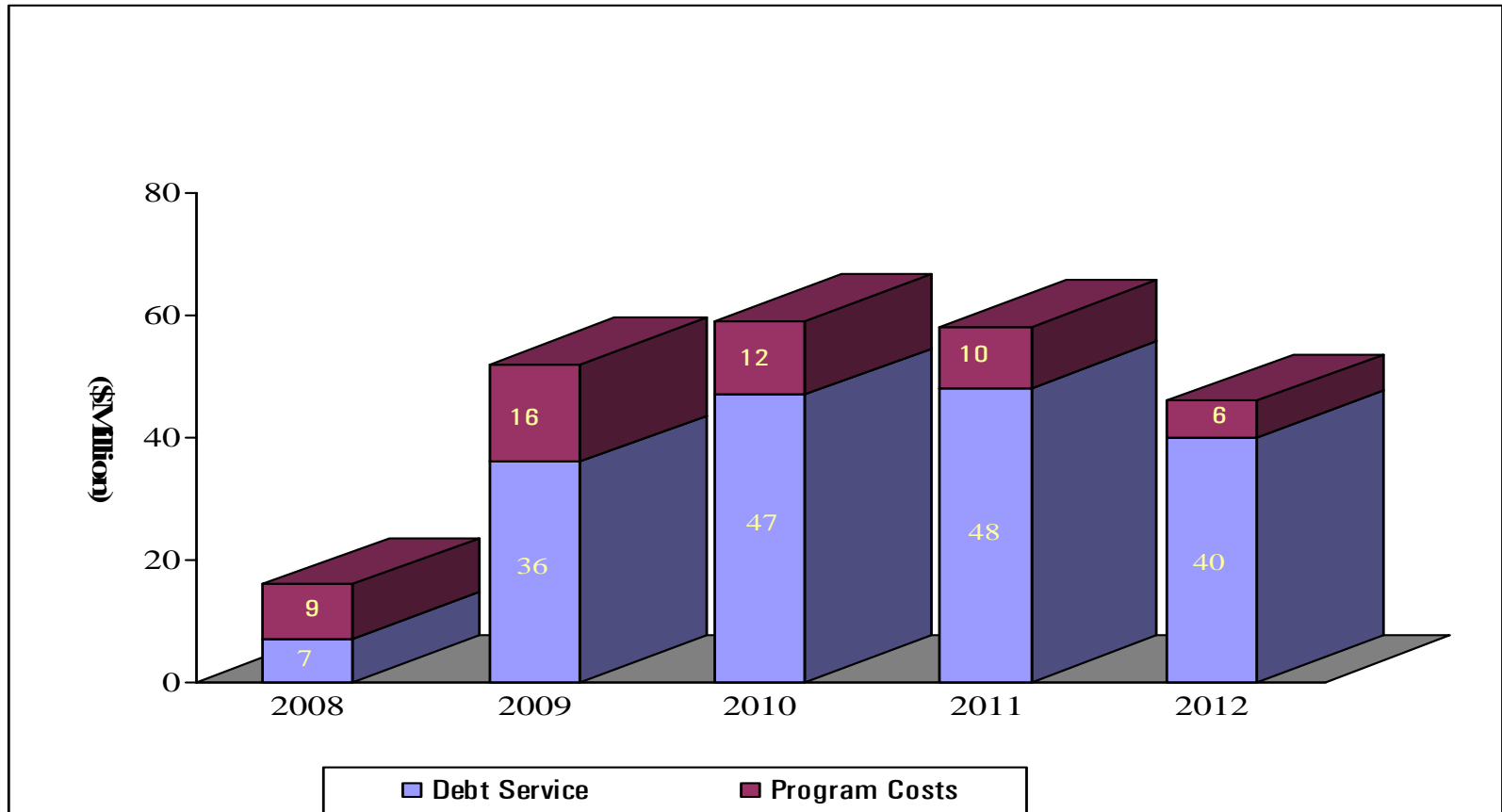
Source: City of Toronto, Ontario Government (2007 Ontario Budget), Government of Canada (2007 Federal Budget).
For municipalities, debt charges include principal and interest payments

Comparison of Debt Charges of the Three Orders of Government – Interest Only



Sources: *Federal Fiscal Reference Table & Federal Budget 2007*
Ontario Budget 2007
City of Toronto budgets

2008 - 2012 Capital Budget and Plan - Incremental Average Annual Operating Impacts of \$46 Million

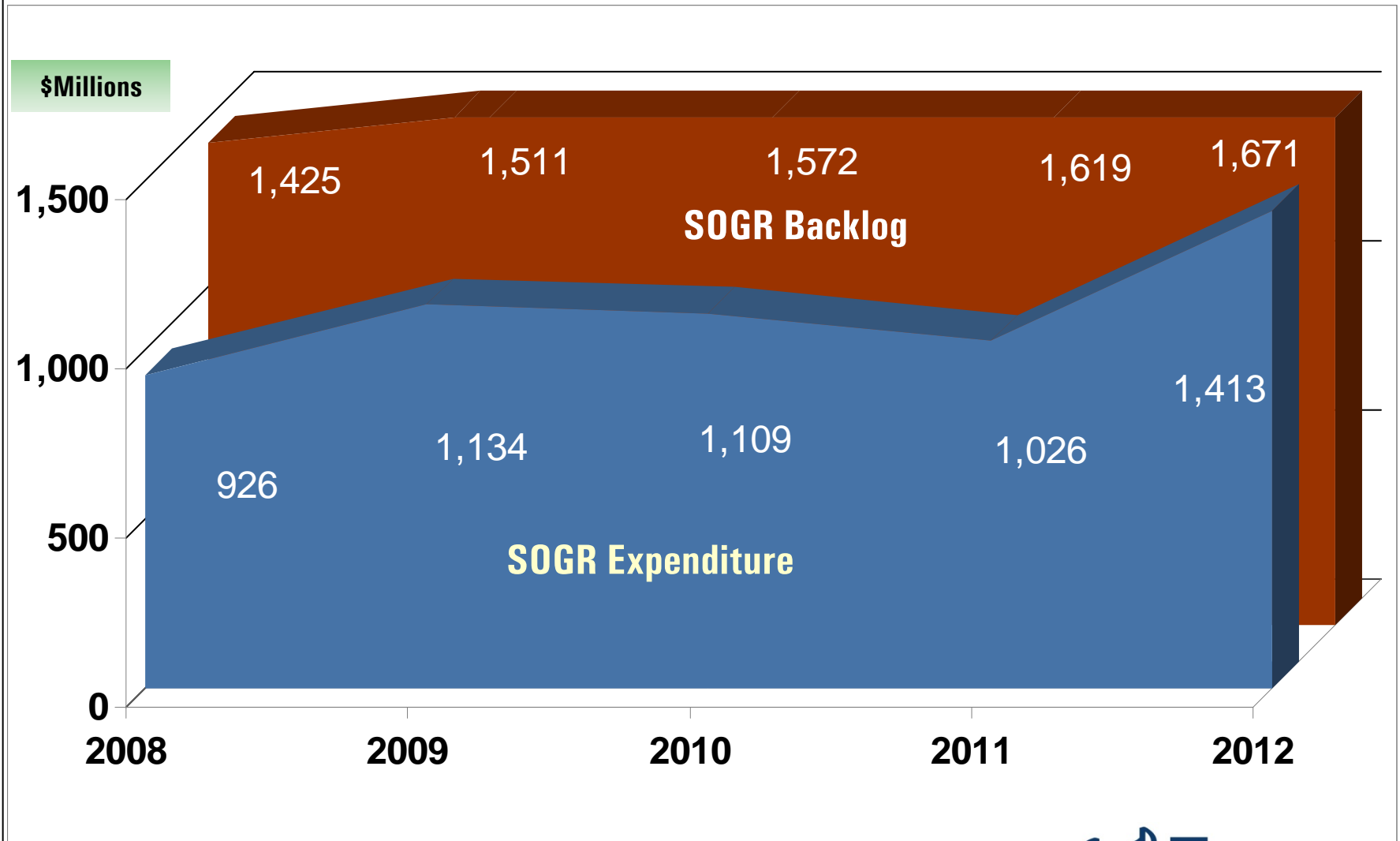


SOGR Backlog for Tax Supported Programs

- Estimate at End of 2012 is \$1.671 Billion

	2008	2009	2010	2011	2012	Change from 2008 (Decrease)
Citizen Centred Services 'A'	295,343	322,714	340,319	367,651	380,324	84,981
Citizen Centred Services 'B'	328,560	355,217	393,112	417,062	421,038	92,478
Internal Services	187,268	170,679	149,568	124,399	100,544	(86,724)
Other City Programs	191,945	181,308	162,414	143,723	128,732	(63,213)
Total - City Operations	1,003,116	1,029,918	1,045,413	1,052,835	1,030,638	27,522
ABCs (Excl. TTC)	283,578	284,674	281,235	273,357	277,710	(5,868)
Toronto Transit Commission	137,860	196,610	245,540	293,140	362,640	224,780
Total - Tax Supported Programs	1,424,554	1,511,202	1,572,188	1,619,332	1,670,988	246,434

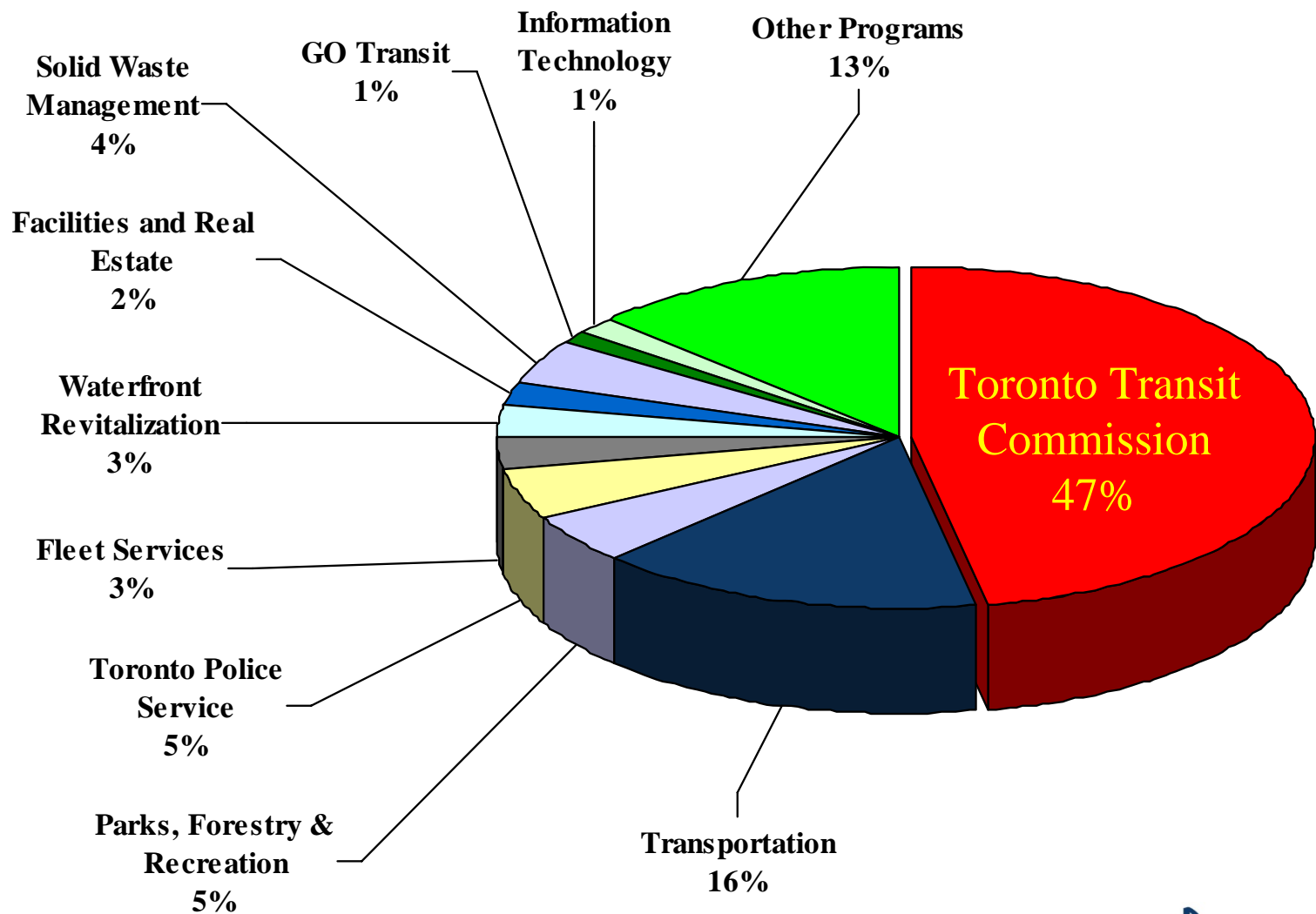
Backlog Significant Despite 2008 – 2012 Commitment of \$5.6 Billion to SOGR



2008 Recommended Capital Budget

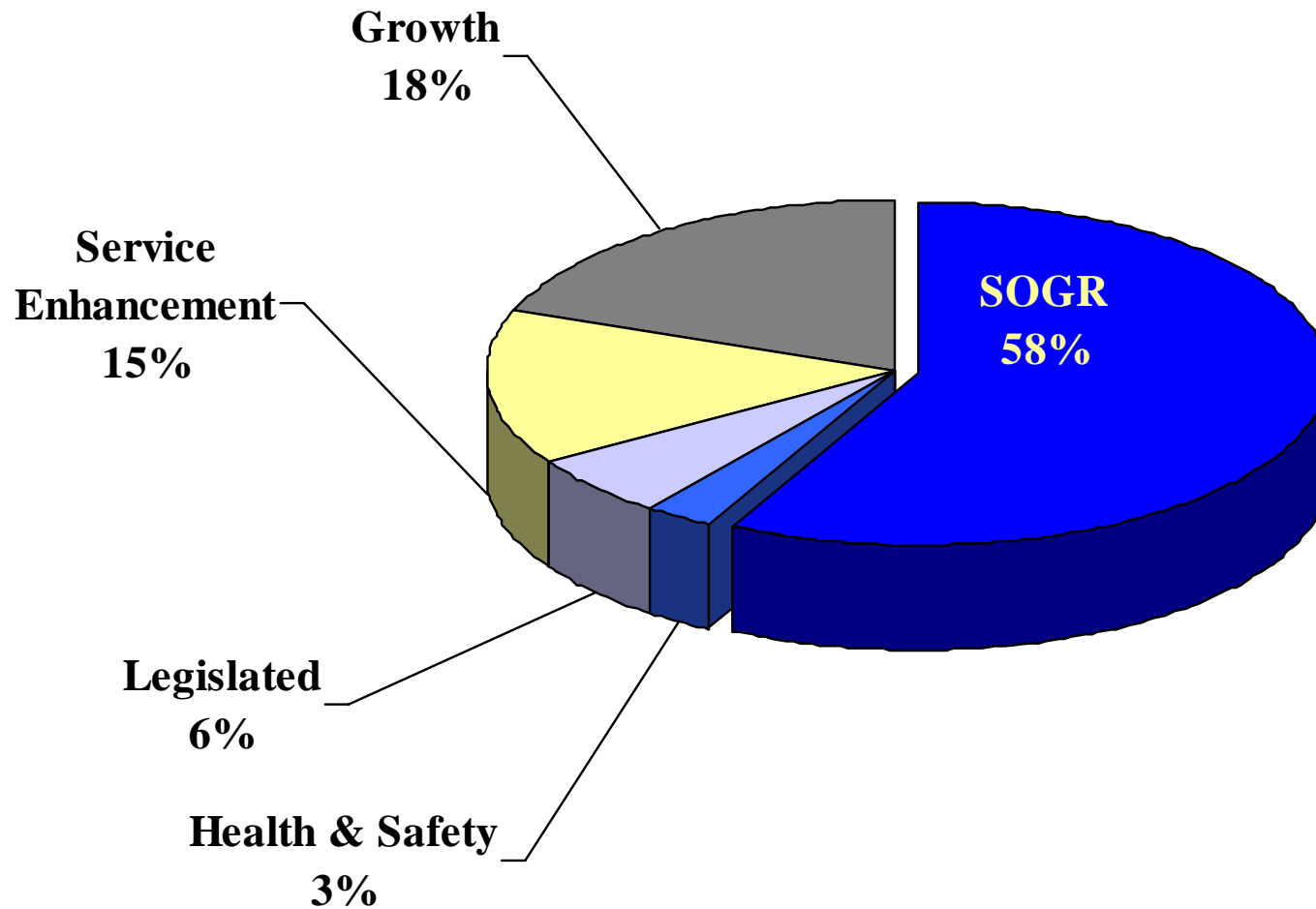
2008 Recommended Capital Budget - \$1.610 Billion

-Transit Represents 47%



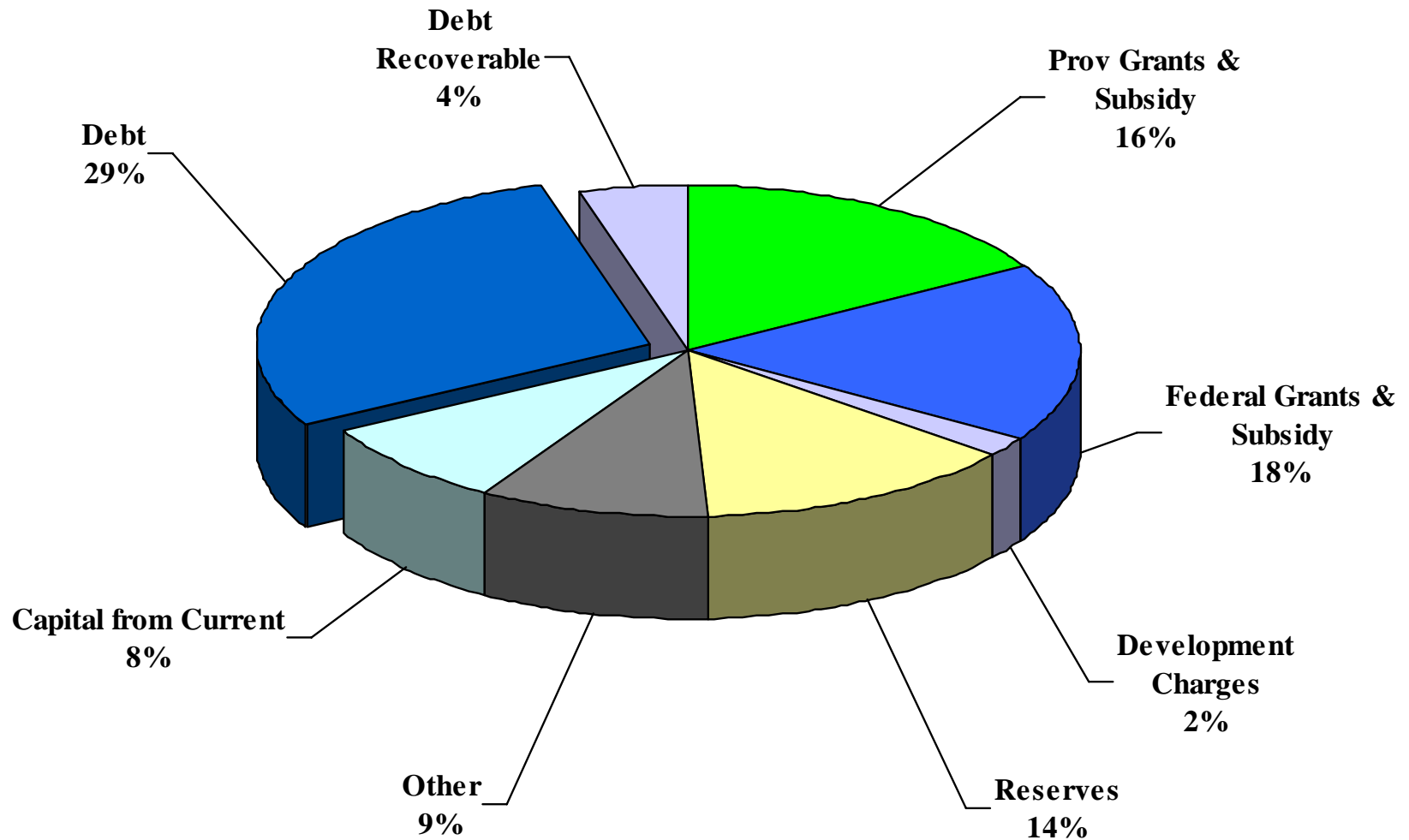
2008 Recommended Capital Budget - \$1.610 Billion

- 58% Committed to State of Good Repair



2008 Capital Budget Financing - \$1.610 Billion

- 29% Financed by Debt

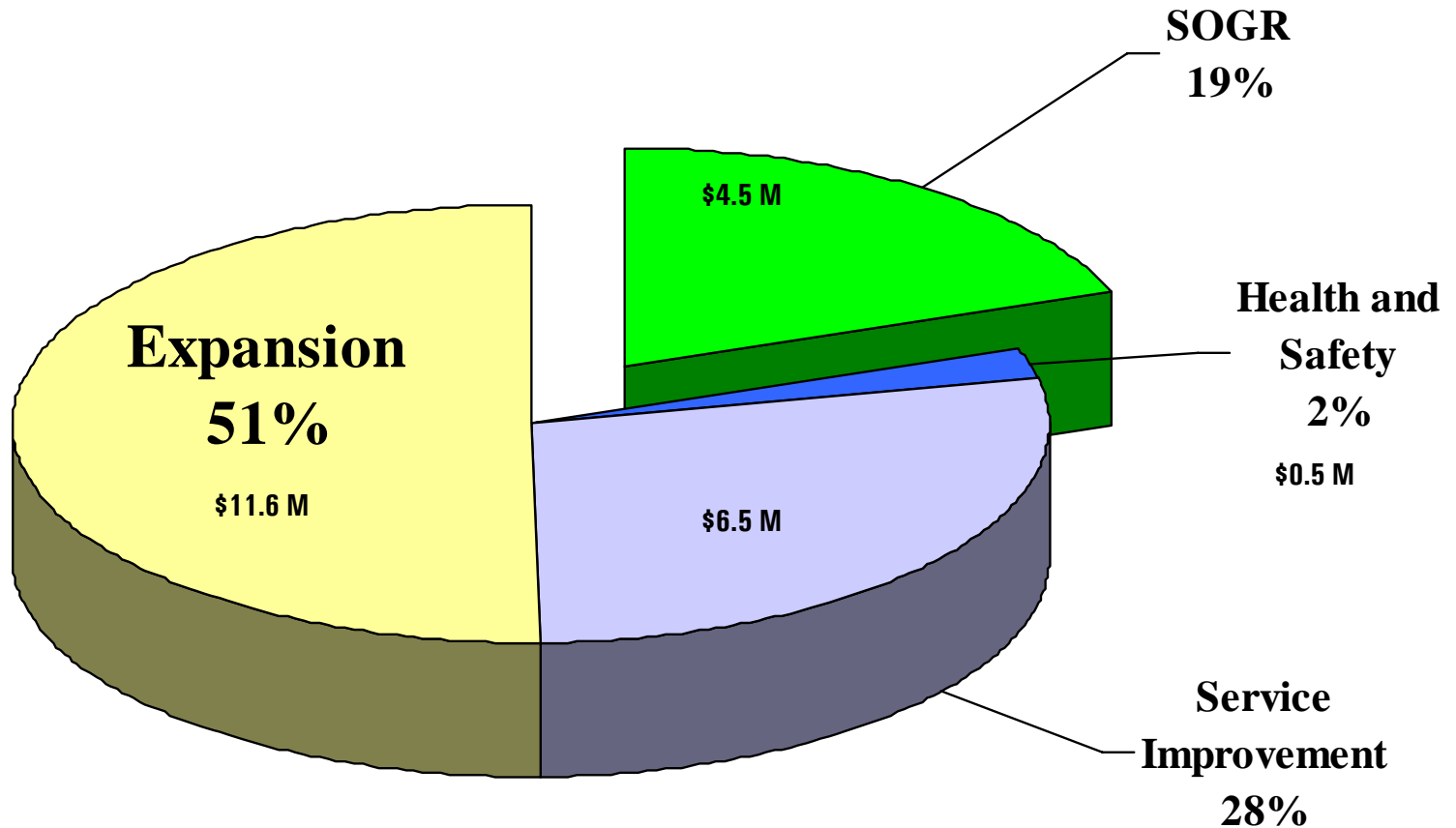


2008 Recommended Capital Cash Flow - \$1.911 Billion

- Includes Carry Forward Funding (\$Millions)

Programs / ABCs	2007 Council Approved Cash Flow	2008 BC Recommended Cash Flow				
		2007 Carry Forward Funding	2008 Capital Budget			Total 2008 Cash Flow
			New and Change in Scope Projects	Previously Approved Projects	2008 Capital Budget	
Citizen Centred Services 'A'	116	61	81	47	128	189
Citizen Centred Services 'B'	336	67	195	193	388	455
Internal Services	116	23	59	59	118	141
Other City Programs	34	10	25	19	44	54
Agencies, Boards and Commissions - before TTC	112	39	108	71	179	218
Total City Operations Before TTC	714	200	468	389	857	1,057
Toronto Transit Commission - Includes Spadina Extension and Transit City Plan	717	101	201	552	753	854
Total - Tax Supported Program	1,432	301	669	941	1,610	1,911

2008 Toronto Parking Authority Recommended Capital Budget - \$23.096 Million



Conclusion

Conclusion

- This 2008 Budget Committee Recommended Capital Budget and 2009 – 2012 Capital Plan:
 - Supports Council's debt management plan and capital investment strategies
 - ✓ Meets approved debt and CFC guidelines
 - ✓ CFC increased by 10% per annum to reduce reliance on debt
 - Balances infrastructure spending needs with fiscal responsibility – new debt constrained
 - Protects existing infrastructure and capital assets to fulfill community service needs
 - Reduces rate of (deferred maintenance) SOGR backlog growth
 - Includes moderate new investment in infrastructure expansion that advances the Council's policy agenda and strategic priorities

Key Outstanding Capital Issues

- Increased capital funding subsidies from the other Orders of Government needed:
 - Long-term commitment to Infrastructure funding and increased Gas Tax sharing
 - National Transit Strategy
- Development Charge Update 2008 & Beyond
- Land Acquisition Reserve Fund is fully committed
- PSAB implementation in 2009 – impact of capital asset accounting and budgeting
- Framework for evaluating and prioritizing new and expansion facility projects
 - Need to ensure that highest priority projects corporate-wide are funded first

