

Analyst Briefing Notes

Budget Advisory Committee

November 10, 2005

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December 5, 2005

PART I: CAPITAL PROGRAM**Executive Summary**

- The 2005 Approved Capital Budget for Exhibition Place of \$6.697 million was 33% spent as at September 30, 2005. Actual expenditures by year-end are anticipated to be \$5.771 million, or 86% of the 2005 Approved Capital Budget, resulting in projected 2005 cash flow funding of \$0.925 million being carried into 2006. If achieved, that spending rate would represent a slight improvement over the 2004 spending rate of 82%.
- The 2006-2015 Capital Program for Exhibition Place totals \$49.115 million, of which 89% or \$43.640 million is projected for the Revised 5-Year Capital Plan, with 2006 cash flow of \$15.125 million, \$6.325 million in 2007, \$7.060 million in 2008, \$8.630 million in 2009 and \$6.500 million in 2010.
- The 2006 Proposed Capital Budget for Exhibition Place is \$15.161 million, gross and net: \$15.125 million for new/change of scope projects and \$0.036 million in funding carried forward from 2004. The 2006 Proposed Capital Budget requires new 2006 cash flow of \$15.161 million gross, all from debt funding.
- Of the new 2006 cash flow, 67% is allocated to Growth Related projects at \$10.100 million; 24% to State of Good Repair projects at \$3.555 million; 7% to Service Improvement projects at \$1.080 million; 1% to Legislated projects at \$0.210 million and 1% to Health and Safety projects at \$0.180 million.
- The debt requirement for 2006 of \$15.161 million is in line with the 2006 affordability guideline of \$15.100 million.
- The 2006 Proposed Capital Budget includes \$9.800 million in funding for the City's contribution towards the construction of a soccer stadium at Exhibition Place. Excluding that project, the debt requirement is \$5.361 million.
- The Revised 5-Year Capital Submission incorporates the State of Good Repair backlog as it is currently known. With asset audits still ongoing, it is anticipated that the backlog could increase. The State of Good Repair backlog analysis will be completed in 2006. Exhibition Place will include the final State of Good Repair requirements in the 2007 Capital Budget and 5-Year Plan submissions.
- It is recommended that Exhibition Place report to the Deputy City Manager and Chief Financial Officer by February 2006 with further revisions to bring its projections in line with the debt affordability guidelines for 2007 to 2010.
- It is also recommended that the Revised 5-Year Capital Plan for Exhibition Place be referred to the Deputy City Manager and Chief Financial Officer for review, in consultation with appropriate staff, and report to the Budget Advisory Committee in the Spring of 2006 on a recommended Firm 5-Year Capital Plan within City Council's approved debt affordability limits.

Recommendations

It is recommended that:

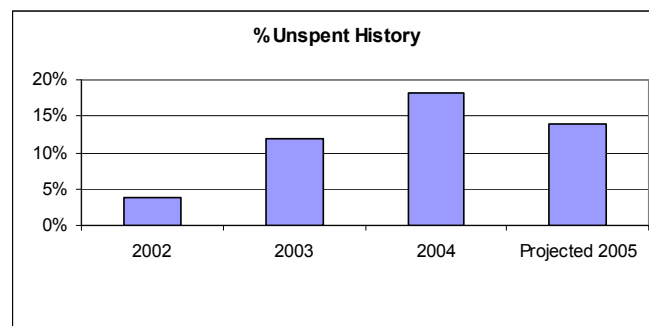
1. the 2006-2015 Exhibition Place Capital Program Request with a total 10-year project cost of \$39.140 million be received;
2. the 2006 Proposed Capital Budget for Exhibition Place with a total project cost of \$15.125 million and a 2006 cash flow of \$15.125 million with no future-year commitments be approved. The 2006 Proposed Capital Budget consists of the following:
 - a) New Cash Flow Funding for:
 - i) 38 new sub-projects with a 2006 total project cost of \$14.625 million that requires cash flow of \$14.625 million in 2006 with no future-year commitments;
 - ii) 2 previously approved sub-projects with a 2006 cash flow of \$0.500 million;
 - iii) 1 sub-project from previously approved projects with funding carried forward from 2004 and prior years requiring 2006 cash flow of \$0.036 million, which forms part of the affordability targets that requires Council to reaffirm its commitment; and
 - b) 2006 approved cash flow for 22 previously approved sub-projects with funding carried forward from 2005 into 2006 totalling \$0.889 million;
3. new debt service costs of \$0.455 million in 2006 and incremental costs of \$1.668 million in 2007 resulting from the approval of the 2006 Proposed Capital Budget for Exhibition Place, be approved for inclusion in the 2006 and future-year operating budgets;
4. Exhibition Place report, during the Budget Advisory Committee Capital Budget Review process in November 2005, on the impact that the energy retrofit projects have had on the Program's capacity to deliver other capital projects;
5. Exhibition Place report to the Deputy City Manager and Chief Financial Officer by February 2006 with further revisions to the revised cash flow projections of \$6.325 million in 2007, \$7.060 million in 2008, \$8.630 million in 2009 and \$6.500 million in 2010 to bring those projections in line with the debt affordability guidelines for 2007 to 2010; and
6. the Revised 5-Year Capital Plan for Exhibition Place be referred to the Deputy City Manager and Chief Financial Officer for review, in consultation with appropriate staff, and report to the Budget Advisory Committee in the Spring of 2006 on a recommended Firm 5-Year Capital Plan within City Council's approved debt affordability limits.

2005 Capital Variance Review

2005 Budget to Actuals Comparison - Total Gross Expenditures (\$'000)					
2005 Approved	Actuals as of Sept. 30 Y-T-D (3rd Quarter Variance)		Projected Actuals to Year-End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
6,697	2,211	33	5,771	86	926

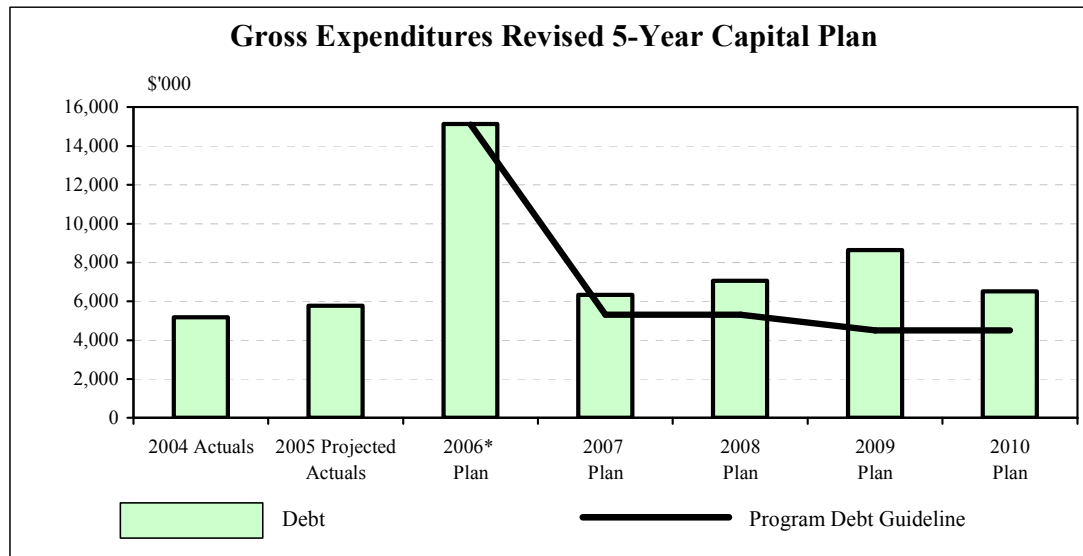
Comments / Issues:

- The 2005 Approved Capital Budget of \$6.697 million was 33% spent as at September 30, 2005. The reason for the low spending rate so late in the year is that several of Exhibition Place's major capital projects could not commence until the third-quarter since there exists a fundamental time conflict between prime construction season and the activities on the grounds.
- According to its capital variance report for the 9 months ended September 30, 2005, Exhibition Place projects a spending rate of 86% at year-end. If achieved, that spending rate would represent a slight improvement over the 2004 spending rate of 82%. The chart below illustrates Exhibition Place's spending history since 2002.



- The 2006 Proposed Capital Budget does not reflect any subsequent changes to funding being carried forward from 2005 to 2006 based on the unspent cash flow balance projected as at September 30, 2005. Adjustments to funding to be carried forward will be reported through to the Budget Advisory Committee during its review of the 2006 Proposed Capital Budget.

5-Year Capital Plan (2006-2010)



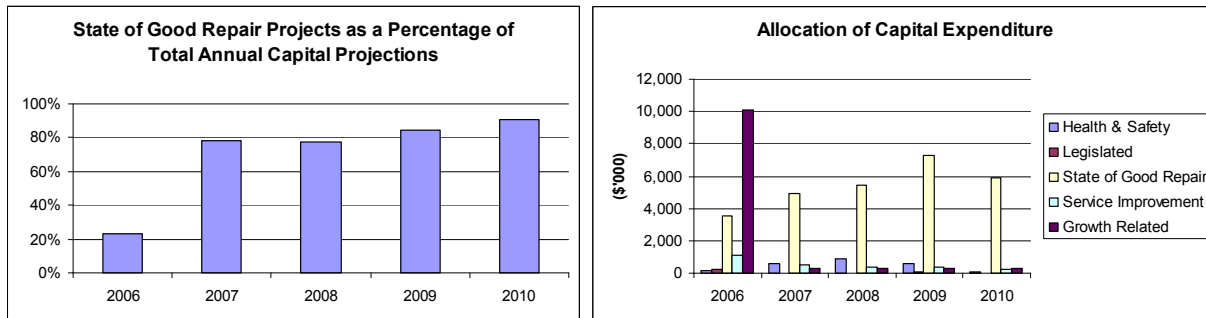
	5 Year Plan							
	2004	2005	2006	2007	2008	2009	2010	2006-2010
Gross Expenditures:								
Budget (excluding 1-Year Carry-Forward)	6,324	6,697	15,125	6,325	7,060	8,630	6,500	43,640
1-Year Carry-Forward Gross (reference only)			889					
Sub-Total Gross Exp. incl. 1-Yr. Carry-Forward	6,324	6,697	16,014					
Actuals	5,178	5,771						
Financing:								
Debt	5,178	6,697	15,125	6,325	7,060	8,630	6,500	43,640
Debt Actuals (including 1-Year Carry-Forward)	5,178	5,771						
Program Debt Target			15,100	5,300	5,300	4,500	4,500	34,700
Other Financing Sources:								
Reserves/Reserve Funds								0
Development Charges								0
Federal								0
Provincial								0
Other Revenue								0
By Category:								
Health & Safety			180	600	900	600	50	2,330
Legislated			210			50		260
State of Good Repair			3,555	4,925	5,460	7,280	5,900	27,120
Service Improvement			1,080	500	400	400	250	2,630
Growth Related			10,100	300	300	300	300	11,300
Yearly SOGR Backlog Estimate (not addressed by current year projects)								
Accumulated Backlog Estimate (end of year)	- not available -							

Note: SOGR analysis in progress - data not yet available

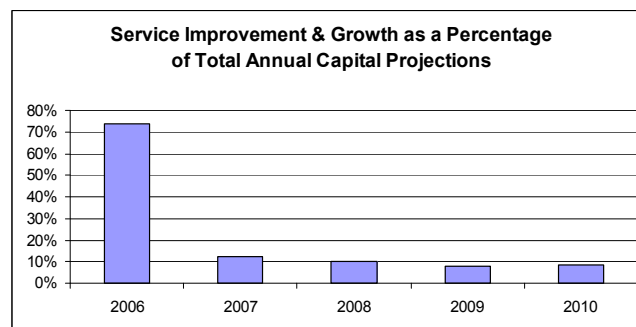
*Note: 2006 Plan excludes 1-year carry-forward debt funding.

- The 2006 Proposed Capital Budget places a primary emphasis on Growth Related projects which represent 67% of the cash flow at \$10.100 million. It should be highlighted that \$9.800 million of that amount pertains to a single project – the City's contribution towards a soccer stadium at Exhibition Place. State of Good Repair projects comprise 24%; Service Improvement initiatives represent 7% at \$1.080 million; and Legislated and Health and Safety project categories comprise 1% each at \$0.210 million and \$0.180 million respectively. Exhibition Place's debt target is sufficient to fund the 2006 State of Good Repair requirement.

- Within the Revised 5-Year Capital Submission for Exhibition Place, the primary emphasis is on State of Good Repair projects which represent 62% of the total plan at \$27.120 million. Notwithstanding the anomalous Growth Related capital expenditure in 2006 to include the soccer stadium, the charts below illustrate that State of Good Repair projects are the main focus of Exhibition Place's annual capital projections for 2007-2010 at 75-80%, as has been the case historically.



- Within the Revised 5-Year Capital Submission for Exhibition Place, Service Improvement and Growth Related projects represent 35% of the total plan at \$13.530 million. The chart below shows that Service Improvement and Growth Projects comprise 5-15% of Exhibition Place's annual capital budgets for 2007-2010, with 2006 being an anomaly at over 70%.



- The average annual projected debt funding requirement within the Revised 5-Year Capital Submission is \$7.799 million, which is \$3.299 million or 73% over the 5-year average debt target of \$4.500 million. Excluding the soccer stadium project, the average annual projected debt funding requirement within the Revised 5-Year Capital Plan is \$5.839 million, which is \$1.339 million or 30% over the 5-year average debt target. Substantial further reductions for 2007-2010 would be required to make the plan affordable.
- Exhibition Place's State of Good Repair backlog analysis will be completed in 2006 and the final State of Good Repair requirements will be included in the Program's 2007 Capital Budget Submission and Revised 5-Year Capital Plan.
- The 2005 Approved Capital Budget did not approve future years' commitments. Exhibition Place has successfully reduced future years' commitments to zero.
- All of the State of Good Repair projects included in the 2006 Proposed Capital Budget were part of the 5-Year Capital Plan submitted in 2005. These projects are ready to proceed in 2006. The staff at Exhibition Place are experienced with tendering and procurement procedures and the requested cash flows are achievable, within the historic spending rate of 80-90%.

2006 Capital Budget Submission Summary (\$'000)

2006 Capital Projects		Total Project Cost (\$'000)		2004 Carry-Forwards (\$'000)		2006 Previous Commitments (\$'000)		2006 New (\$'000)		Total 2006 Request (excluding 2005 Carry-Forwards) (\$'000)		2005 Carry-Forwards (\$'000)		Total 2006 (including 2005 Carry-Forwards) (\$'000)	
Project / Sub-Project Name	Cat.	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
Carry-Forwards															
2005- Study, Investigate, Design, Engineering	3											5	5	5	5
Replace/Displace PCB Transformers (ACH Bldg.)	2											10	10	10	10
Various Electrical Equipment for Show Services	5											10	10	10	10
Assess, Overhaul & Repair Transformer, Other Elect	3											50	50	50	50
Parking Equipment/Security Measures	4											250	250	250	250
Waste Management Equipment	1											1	1	1	1
Install Load Side Revenue Grade Meters	4											20	20	20	20
Replace exterior roll up doors and add Air Curtain	3											5	5	5	5
Expand & Upgrade Security System to include additi	3											10	10	10	10
2004 Princes' Gates - Repair Columns, Cracks	3			36	36									36	36
Var. Bldg. Repair Deteriorated Exterior Windows &	3											50	50	50	50
Bandshell Repair/replace Bandshell Canopy (1,500 S	3											85	85	85	85
2005 Replace Existing Commercial Powerfed Bus Duct	3											5	5	5	5
Build Garbage Sorting Room (4-6)	3											80	80	80	80
2004 Repair Ext. Brick & Replace Bldg. Lighting	3											15	15	15	15
Enclose Courtyard	4											10	10	10	10
Provide Computer Auto Control to Exhaust Fans	1											5	5	5	5
2005 Tree Planting at Various Locations	3											25	25	25	25
Fountain Code Retrofit West Rose Garden Fountain	3											10	10	10	10
Replace old Bus Plugs Connection	3											10	10	10	10
Renovate/Refurbish Dining Room	3											15	15	15	15
Replace Old Steam Heating System with Rooftop..	3											168	168	168	168
2005 Provide Full Auto control for Lake Water Irr	3											50	50	50	50
Sub-Total				36	36	0	0	0	0	36	36	889	889	925	925
Previously Approved															
Assess, Overhaul & Repair Transformer, Other Elect	3					400	400			400	400			400	400
Install Load Side Revenue Grade Meters	4					100	100			100	100			100	100
Sub-Total				0	0	500	500	0	0	500	500	0	0	500	500

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2006 Capital Budget Submission Summary (\$'000)

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2006 Capital Projects		Total Project Cost (\$'000)		2004 Carry-Forwards (\$'000)		2006 Previous Commitments (\$'000)		2006 New (\$'000)		Total 2006 Request (excluding 2005 Carry-Forwards) (\$'000)		2005 Carry-Forwards (\$'000)		Total 2006 (including 2005 Carry-Forwards) (\$'000)	
Project / Sub-Project Name	Cat.	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources
1	2	3	4	5	6	7	8	9	10	11	12	13	14	13	14
New and Change in Scope Projects															
Gen. Serv. Bldg. Security Surveillance System & Car	1	50	50					50	50	50	50			50	50
Johnson Controls Upgrade to network (3-4)	3	100	100					100	100	100	100			100	100
2004 Prince's Gates - Repair Columns, Cracks	3	600	600					600	600	600	600			600	600
Replace Exterior Windows with Low E Tinted Thermop	3	420	420					420	420	420	420			420	420
Install Load Side Revenue Grade Meters	4	100	100					100	100	100	100			100	100
Emergency Call Centres at Various Locations	1	80	80					80	80	80	80			80	80
Install Rem Emerg Doors to fit Under Overhrad Ds	2	160	160					160	160	160	160			160	160
East Annex Renovate Vestibule & Stairs	3	60	60					60	60	60	60			60	60
Install Sheet Metal Hoods at Air Intake - Ice Defl	3	100	100					100	100	100	100			100	100
Repair Concrete Slab Cracks in Halls (AD) and Gal	3	100	100					100	100	100	100			100	100
Music Bldg. Replace existing single glaze to therm	3	100	100					100	100	100	100			100	100
General Services Building - Install Generator	3	150	150					150	150	150	150			150	150
Repair Exterior Stone Wall Panels	3	100	100					100	100	100	100			100	100
Repair Exterior Ornamental & Decorative Lighting a	3	150	150					150	150	150	150			150	150
Repaint Building Interior to Incap-sulate Lead Pa	3	50	50					50	50	50	50			50	50
Replace Wooden Bleachers with Aluminum at Exercise	3	160	160					160	160	160	160			160	160
Fountain Code Retrofit Halls of Fame (3-6)	3	150	150					150	150	150	150			150	150
Decommission Steam Heating System to QEB & HOF (3-	3	50	50					50	50	50	50			50	50
Replace Old Steam Heating System with Rooftop	3	450	450					450	450	450	450			450	450
Reconfigure the Interscection of BC Drive & Lake	3	75	75					75	75	75	75			75	75
Install Lighting Controll-North Exten & Ind Bldg	4	300	300					300	300	300	300			300	300
Renovate Various Rooms: Salon & Washroom Access	4	100	100					100	100	100	100			100	100
Repair Front Terrace of Exhibit Halls	4	120	120					120	120	120	120			120	120
Landscape the Vicinity of Princes' Gates	4	250	250					250	250	250	250			250	250
Landscaping of East Top of Bank Promenade (South 0	4	100	100					100	100	100	100			100	100
Waste Management Equipment	1	50	50					50	50	50	50			50	50
Repair Terrazzo Floor in Galleria & Staircase	2	50	50					50	50	50	50			50	50
Various Bldg - Study, Investigate, Design, Enginee	3	125	125					125	125	125	125			125	125
Assess, Overhaul & Repair Transformer, Other Elect	3	200	200					200	200	200	200			200	200
Various Mechanical, HVAC Equip. Repair/Replace	3	50	50					50	50	50	50			50	50
Indust Bldg - Rep/Repl Fibre Glass Windows	3	260	260					260	260	260	260			260	260
Expand & Upgrade Security System to include additi	3	100	100					100	100	100	100			100	100
Var. Bldg. Repair Deteriorated Exterior Windows &	3	75	75					75	75	75	75			75	75
Var. Bldg. Repair Roof System (3-4)	3	50	50					50	50	50	50			50	50
Var. Bldg. Repair Washroom Partitions, Ceiling, Fl	3	50	50					50	50	50	50			50	50

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2006 Capital Budget Submission Summary (\$'000)

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2006 Capital Projects		Total Project Cost (\$'000)		2004 Carry-Forwards (\$'000)		2006 Previous Commitments (\$'000)		2006 New (\$'000)		Total 2006 Request (excluding 2005 Carry-Forwards) (\$'000)		2005 Carry-Forwards (\$'000)		Total 2006 (including 2005 Carry-Forwards) (\$'000)	
Project / Sub-Project Name	Cat.	Gross 1	Debt/ Internal Sources 2	Gross 3	Debt/ Internal Sources 4	Gross 5	Debt/ Internal Sources 6	Gross 7	Debt/ Internal Sources 8	Gross 9	Debt/ Internal Sources 10	Gross 11	Debt/ Internal Sources 12	Gross 13	Debt/ Internal Sources 14
Tree Planting at Various Locations	3	50	50					50	50	50	50			50	50
Landscape Gore Lot	3	200	200					200	200	200	200			200	200
Repave & Landscape Lot J	3	100	100					100	100	100	100			100	100
Repair/replace Sidewalks, Pathways Road & Lots (3	3	100	100					100	100	100	100			100	100
Repair/Retrofit/Replace Outdoor Equipment & Furnis	3	50	50					50	50	50	50			50	50
Install Removable Huffcore W - Damaged Sections	4	60	60					60	60	60	60			60	60
Retrofit Outdoor Lighting-Lot D, F, J & K	4	50	50					50	50	50	50			50	50
Various Electrical Equipment for Show Services	5	300	300					300	300	300	300			300	300
Sub-Total		5,995	5,995	0	0	0	0	5,995	5,995	5,995	5,995	0	0	5,995	5,995
Total Submission 2006		5,995	5,995	36	36	500	500	5,995	5,995	6,531	6,531	889	889	7,420	7,420

*Category Index: (1) Health & Safety; (2) Legislated, (3) State of Good Repair, (4) Service Improvement/Enhancement, (5) Growth Related

Proposed 2006 Capital Budget Changes (\$'000)

		2006 Requested Cash Flow		Proposed Changes			2006 Proposed Cash Flow	
Project/Sub-Project Name	Cat.	Gross (\$'000)	Debt/ Internal Sources (\$'000)	Gross (\$'000)	Debt/ Internal Sources (\$'000)	Comments / Issues	Gross (\$'000)	Debt/ Internal Sources (\$'000)
2005 Carry-Forwards								
Other 2005 Carry-Forwards (details on previous page)		889	889				889	889
Sub-Total		889	889	0	0		889	889
2004 Carry-Forwards								
Other 2004 Carry-Forwards (details on previous page)		36	36				36	36
Sub-Total		36	36	0	0		36	36
2006 Previously Approved Commitments								
Other Previously Approved (details on previous page)		500	500				500	500
Sub-Total		500	500	0	0		500	500
New Projects							0	0
Other Buildings: Repair deteriorated exterior window & door	3	75	75	(25)	(25)	Deferred to meet corporate affordability guidelines	50	50
Other Buildings: Install generator in GS Building	3	150	150	(150)	(150)	Deferred to meet corporate affordability guidelines	0	0
Other Buildings: Assess, overhaul & repair transformer	3	200	200	200	200	Included as priority capital project	400	400
Coliseum: Ind Bldg - Repair/replace disintegrating window	3	260	260	(260)	(260)	Deferred to meet corporate affordability guidelines	0	0
Coliseum: East Annex - Renovate vestibule, stairs	3	60	60	(60)	(60)	Deferred to meet corporate affordability guidelines	0	0
Environmental Restoration: Retrofit fountain to code - HoF	3	150	150	(150)	(150)	Deferred to meet corporate affordability guidelines	0	0
Parks, Parking Lots, Roads - Reconfigure intersection	3	75	75	(75)	(75)	Deferred to meet corporate affordability guidelines	0	
Horse Palace - Repair exterior ornamental & dec. lighting	3	150	150	(150)	(150)	Deferred to meet corporate affordability guidelines	0	
Soccer Stadium	5	0	0	9,800	9,800	Included to reflect P & F Committee decision	9,800	9,800
Other New (details on previous page)		4,375	4,375				4,375	4,375
Sub-Total New Projects		5,495	5,495	9,130	9,130		14,625	14,625
Total 2006 Proposed (including 2005 Carry-Forwards)		6,920	6,920	9,130	9,130		16,050	16,050
Less 2005 Carry-Forwards		(889)	(889)	0	0		(889)	(889)
Total 2006 Proposed (excluding 2005 Carry-Forwards)		6,031	6,031	9,130	9,130		15,161	15,161

Proposed 2006 Total Cash Flow & Future-Year Commitments (\$'000)

	2004 & Prior Year Carry-Forward	2006 Previous Commitments	2006 New Proposed	2006 Total Cash Flow Proposed	2006 Guidelines	2005 Carry- Forward	Total 2006 Cash Flow (including 2005 Carry- Forward)	2007	2008	2009	2010	2011- 2015	Total Cost
Expenditures													
Previously Approved	36	500		536		889	1,425						1,425
Change in Scope													0
New			14,625	14,625			14,625						14,625
New with Future-Year													0
Total Expenditure	36	500	14,625	15,161	0	889	16,050	0	0	0	0	0	16,050
Financing													
Debt	36	500	14,625	15,161	15,100	889	16,050						16,050
Subsidy (SCPI)													0
Prov. Subsidy/Grant													0
Development Charges													0
Other													0
Federal Grants													0
Reserves/Reserve Funds													0
Total Financing	36	500	14,625	15,161	15,100	889	16,050	0	0	0	0	0	16,050

Comments / Issues:

- The 2006 Proposed Capital Budget is \$15.161 million gross and includes \$15.125 for new/change of scope projects and \$0.36 million in funding carried forward from 2004.
- The debt requirement for 2006 is \$15.161 million which is in line with the 2006 affordability guideline.
- The deferral of projects to meet the 2006 debt target may result in increased requests in 2007 and 2008 since the deferred projects are now earmarked for those future years. The 5-Year Capital Plan for Exhibition Place requires changes to stay within the current 5-year affordability guidelines.
- The State of Good Repair backlog analysis will be completed in 2006. Exhibition Place will include the final State of Good Repair requirements in its 2007 Capital Budget Submission and 5-Year Capital Plan.

Operating Budget Impact

Incremental Operating Budget Summary

Incremental Operating Budget Impact	2006	2007	2008	2009	2010
Program Costs (net) (\$'000)					
Debt Service Charges (\$'000)	454.8	1,667.7			
Approved Positions					

Program Incremental Operating Costs

There are no incremental impacts on Exhibition Place's Operating Budget in 2006 and future years arising from the capital projects/sub-projects in the 2006 Proposed Capital Budget.

Debt Service Cost

The Exhibition Place 2006-2015 Proposed Capital Program will result in new debt service costs of \$0.455 million in 2006 and the incremental cost of \$1.668 million in 2007.

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

PART II: ISSUES FOR DISCUSSION

2006 Issues

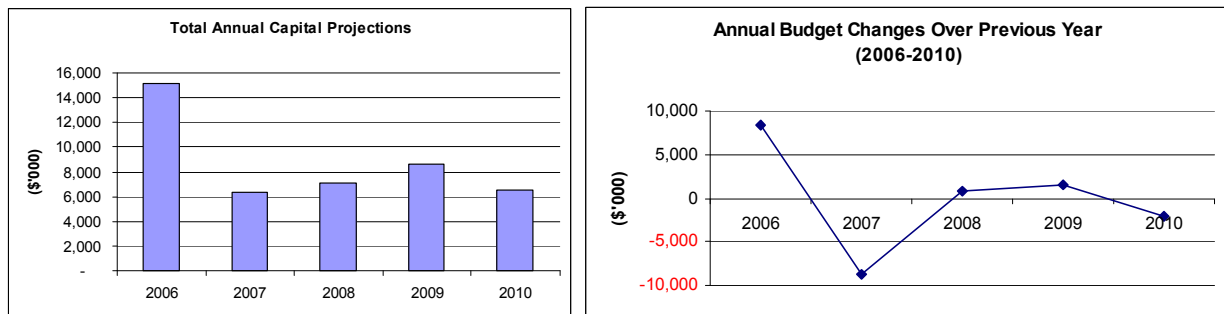
2006 Proposed Capital Budget versus Guideline

The 2006 debt affordability target for Exhibition Place was set at \$15.100 million, of which 100% of the debt funding was allocated to new/change of scope projects. The 2006 Proposed Capital Budget is \$15.125 million gross and net, which is in line with the 2006 target.

5-Year Capital Plan Overview

The Revised 5-Year Capital Submission for Exhibition Place places a primary emphasis on State of Good Repair projects which represent 62% of the total plan at \$27.120 million. Notwithstanding the anomalous Growth Related capital expenditure of \$9.800 million towards the soccer stadium in 2006, State of Good Repair projects are the main focus of Exhibition Place's annual capital budgets for 2007-2010 at 75-80%, as has been the case historically.

The gross expenditures within the Revised 5-Year Capital Submission cannot be considered smooth since the total annual budget projections fluctuate significantly, as the first chart below illustrates, and there is no uniform trend in the annual increments, as depicted in the second chart below.



The average annual projected debt funding requirement within the Revised 5-Year Capital Submission is \$8.728 million, which is \$1.788 million or 26% over the 5-year average debt target of \$6.940 million. Further reductions for 2007-2010 are required to make the plan affordable.

The proposed changes for 2007 to 2010 in the following table on page 13 have not been agreed with Exhibition Place and represent suggested adjustments for discussion with the Program with a view to achieving the debt targets. It is recommended that Exhibition Place report to the Deputy City Manager and Chief Financial Officer by February 2006 with its revisions to bring its 2007-2010 Capital Program in line with affordability guidelines.

5-Year Plan Proposed Changes (\$'000)

Project / Sub-Project Name	Cat.	2006		2007		2008		2009		2010		TOTAL 2011-2015	
		Gross (\$'000)	Debt/ Internal Sources (\$'000)	Gross (\$'000)	Debt/ Internal Sources (\$'000)	Gross (\$'000)	Debt/ Internal Sources (\$'000)	Gross (\$'000)	Debt/ Internal Sources (\$'000)	Gross (\$'000)	Debt/ Internal Sources (\$'000)	Gross (\$'000)	Debt/ Internal Sources (\$'000)
		1	2	3	4	5	6	7	8	9	10	11	12
PROGRAM REQUEST		5,495	5,495	5,740	5,740	6,800	6,800	8,360	8,360	6,500	6,500	5,475	5,475
Proposed 2006 Changes		9,130	9,130	585	585	260	260	270	270	0	0	0	0
PROPOSED CHANGES													
2004 Carry-Forwards		36	36										
Previously Approved		500	500										
New:													
Coliseum: Ind Bldg - Replace roof	3							(1,100)	(1,100)			1,100	1,100
Coliseum: North Ext - Replace roof	3							(620)	(620)			620	620
Coliseum: Mid-Arch - Replace roof	3					(320)	(320)					320	320
Coliseum: East Annex - Replace roof	3					(500)	(500)					500	500
Coliseum: Ind Bldg - Rep/repl fibre glass windows	3			(300)	(300)	(260)	(260)					560	560
Auto Bldg: Repair/replace window panels	3					(350)	(350)	(350)	(350)			700	700
Horse Palace: Replace roof system & repair skylight	3							(1,000)	(1,000)	(1,000)	(1,000)	2,000	2,000
Horse Palace: Repair exterior bldg neon lighting	3			(200)	(200)							200	200
Horse Palace: Repair ext ornamental and decor lighting	3			(150)	(150)							150	150
Better Living Building: Replace roof system	3							(1,000)	(1,000)	(1,000)	(1,000)	2,000	2,000
Enviro Restoration: Fountain code retrofit: Halls of Fame	3			(150)	(150)							150	150
Enviro Restoration: Fountain code retrofit: McGillivray	3			(250)	(250)							250	250
Equipment: Replace HV feeder cables - GS to Horse Pal	3					(300)	(300)					300	300
Sub-Total Proposed Changes		9,666	9,666	(465)	(465)	(1,470)	(1,470)	(3,800)	(3,800)	(2,000)	(2,000)	8,850	8,850
Revised 5-Year Cash Flow		15,161	15,161	5,275	5,275	5,330	5,330	4,560	4,560	4,500	4,500	14,325	14,325
Debt Guideline			15,100		5,300		5,300		4,500		4,500		
Variance to Debt Guideline			61		(25)		30		60		0		

Capacity

Exhibition Place has an average historical spending rate for 2002-2004 of 89%. The projected spending rate for 2005 is 86%.

One of the challenges faced by Exhibition Place is that there exists a fundamental time conflict between prime construction season and the activities on the grounds. In addition, although the Energy Retrofit Program (ERP) projects currently underway at Exhibition Place are funded from the ERP funds, those projects put strain on the Program's capacity to deliver other capital sub-projects.

It is recommended that Exhibition Place report, during the Budget Advisory Committee Capital Budget Review process in November 2005, on the impact that the energy retrofit projects have had on the capacity to deliver other capital projects.

Backlog of Projects – Unmet Needs

Exhibition Place is using external professional resources to develop a thorough assessment of the buildings and other structures. Due to limited resources in the pre-engineering program in 2005, only 2 building assessments were launched, with final report due in the fall of this year. In 2006, with new funding available, other building assessments will be completed in time for the 2007 budget cycle and a firm 10-year program can be developed within the City's debt affordability constraints.

Princes' Gates Area Revitalization Project

The Princes' Gates Area Revitalization Project surrounds a Toronto/Milan initiative that is part of the City's International Alliance Program.

The Princes' Gates location was selected as one that would represent a symbol of the twinning of the two cities. The concept was to formalize the relationship between Toronto and Milan by initiating a design competition that would bring together designers from both cities to propose enhancements to the commemorative open space in front of the Princes' Gates at Exhibition Place. The location is one of the key focal points of the Waterfront Revitalization Program. Nearly 5.2 million tourists visit the location on an annual basis.

The \$1.950 million inter-program project involves 3 participating programs: Culture, Transportation and Exhibition Place. The proposed capital funding included in their respective 2006 Capital Budgets are:

- Culture: \$0.850 million gross, comprised of \$0.300 million debt and \$0.550 million from fund raising, for competition/design costs and construction of the piazza;
- Transportation: \$0.700 million gross, funded from debt, for road realignment at Lakeshore Boulevard and Strachan Avenue; and
- Exhibition Place: \$0.400 million gross, funded from debt, for landscaping the vicinity of Princes' Gates.

The contribution of \$0.400 million by Exhibition Place is included in the 2006 Proposed Capital Budget in the form of 2 sub-projects under the Environmental Restoration project: \$0.250 to "Landscape the Vicinity of Princes' Gates" and \$0.150 (out of a total of \$0.200 million) to "Landscape Gore Lot."

Issues Referred to 2006 Capital Budget

No issues were referred to the 2006 Capital Budget.

Outstanding Issues from Prior Years

There are no outstanding issues from prior years.

Appendix 1
Proposed 2006 Capital Budget
and 2007 to 2015 Revised Program

Appendix 2
Proposed 2006 Capital Budget
& Future-Year Commitments

Appendix 3
Proposed 2006 Capital Projects
with Financing Details