

Analyst Briefing Notes

Economic Development and Parks Committee

(November 9, 2005)

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Contacts: Judy Skinner, Manager, Financial Planning
 Tel: (416) 397-4219
 May Chong, Financial Planning Analyst
 Tel: (416) 397-4473

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PART I: CAPITAL PROGRAM**Executive Summary**

- The 2005 Approved Capital Budget of \$1.706 million was 52% spent as at September 30, 2005. Actual expenditures by year-end are anticipated to be \$1.456 million, or 85% of the Approved Budget, resulting in projected 2005 cash flow funding of \$0.250 million being carried into 2006 to complete the fabrication and installation of the stage canopy in the spring of 2006.
- The Board of Management has identified the need to install lighting components that were deferred from the original design of the Yonge-Dundas Square (YDS) as the capital priority for 2006. This health and safety category project costing \$0.120 million will maximize YDS safety objectives resulting from a recent incident on the Square. Additional lighting will contribute to a greater sense of safety and security for the public using the Square and the downtown Yonge neighbourhood generally.
- The 2006 Proposed Capital Budget requires new 2006 cash flow funding of \$0.120 million gross with debt funding of \$0.120 million or 100% new debt. This new cash flow combined with carry forward funding of \$0.250 million to finish the 2005 stage canopy project bring the total 2006 Capital Budget to \$0.370 million gross, totally funded by debt.
- Currently there is no 5-Year Capital Plan for the newly built Square (opened in 2003) and YDS does not anticipate any capital requests in 2007 – 2010 for “state of good repair”. A plan will be developed in the coming year to identify future year requirements to maintain the Square in a state of good repair.

Recommendations

It is recommended that:

1. the 2006 Proposed Capital Budget for Yonge-Dundas Square with a total project cost of \$0.120 million and a 2006 cash flow of \$0.370 million and no future year commitments, be approved. The 2006 Proposed Capital Budget consists of the following:
 - a) New Cash Flow Funding for:
 - i) one new project with a 2006 total project cost of \$0.120 million that requires cash flow of \$0.120 million in 2006 and no future year commitments; and
 - b) 2006 approved cash flow for one previously approved project with carry forward funding from 2005 into 2006 totalling \$0.250 million;
2. new debt service costs of \$0.004 million in 2006 and incremental costs of \$0.013 million in 2007 and \$0.000 million in 2008 resulting from the approval of the 2006 Proposed Capital Budget, be approved for inclusion in the 2006 and future year operating budgets;
3. operating impacts in the Yonge-Dundas Square Operating Budget of \$(0.022) million for 2006 and \$(0.011) million for 2007 emanating from the approval of the 2006 Capital Budget be considered within the overall scope of the Yonge-Dundas Square's 2006 and future years' operating budget submissions; and
4. the Board of Management of Yonge-Dundas Square report to Budget Advisory Committee by May 2006 on its capital plan to maintain the Square in future years.

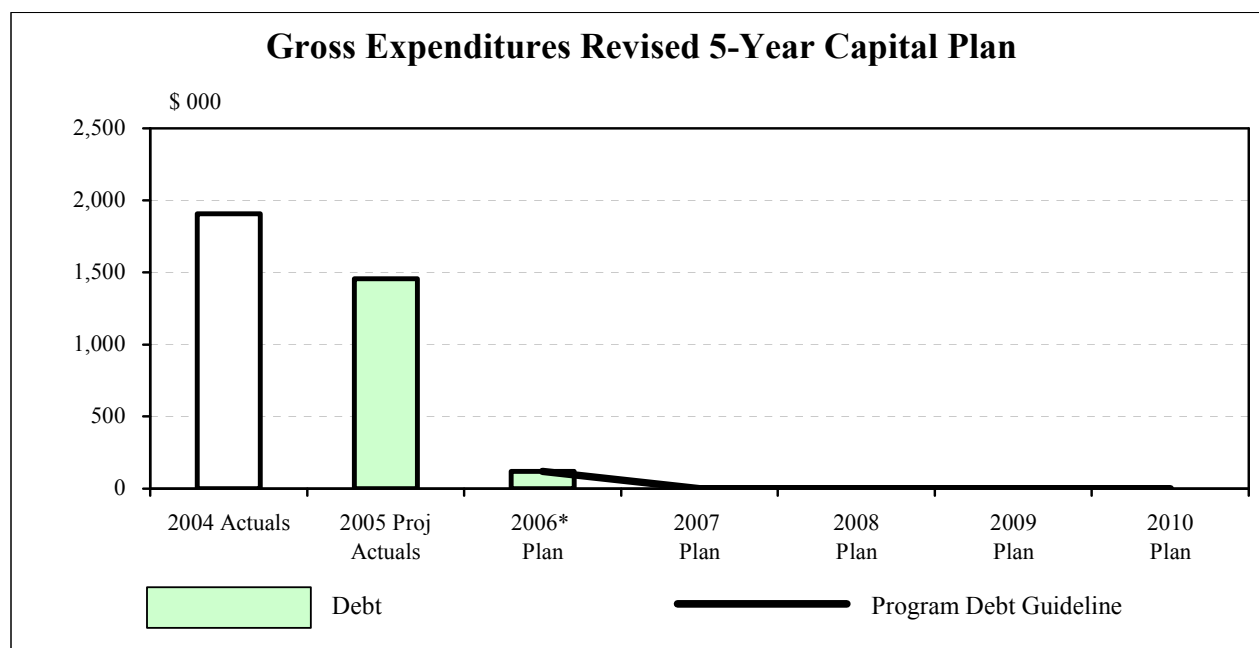
2005 Capital Variance Review

2005 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2005 Approved	Actuals as of Sept. 30 Y-T-D (3rd Qtr Variance)		Projected Actuals to Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
1,706	895	52	1,456	85	250

Comments / Issues:

- The 2005 Approved Capital Budget of \$1.706 million was 52% spent as at September 30, 2005. Actual expenditures by year-end are anticipated to be \$1.456 million, or 85% of the Approved Budget, resulting in projected 2005 cash flow funding of \$0.250 million being carried into 2006 to complete the fabrication and installation of the stage canopy in the spring of 2006.
- The Projected Actuals of \$1.456 million reflects the completion, or anticipated completion by year-end, of the following projects:
 - installation of a new stairway connection from the Square to the TTC's Dundas Subway Station
 - custom design and tender of a permanent stage canopy
 - completion of an outstanding tenant settlement
- The Yonge Dundas Redevelopment project is anticipated to be completed in 2005, and therefore no future year cash flow commitment is required.
- It is anticipated that the fabrication and installation of the canopy over the stage at the Yonge-Dundas Square will be completed in the spring of 2006. As a result, a variance of \$0.250 million is projected at the end of 2005. These funds will be carried forward into 2006 to finish the stage canopy project.
- The 2006 Proposed Capital Budget does not reflect any subsequent changes to funding being carried forward from 2005 to 2006 based on the unspent cashflow balance projected as at September 30, 2005. Adjustments to carryforward funding 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							2006-2010
	2004	2005	2006	2007	2008	2009	2010	
Gross Expenditures:								
Budget (Excluding 1-Yr. Carry/Fwd)	1,436	478	120	0	0	0	0	120
1-Yr Carry/Fwd Gross (Reference only)	1,699	1,228	250					
Sub-Total Gross Exp. Including 1-Yr. Carry/Fwd	3,135	1,706	370					
Actuals	1,907	1,456						
Financing:								
Debt	241	478	120	0	0	0	0	120
Debt Actuals (including 1-Yr Carry/Fwd)	0	1,456						
Program Debt Target			120	0	0	0	0	120
Other Financing Sources:								
Reserves/Reserve Funds			0	0	0	0	0	0
Development Charges			0	0	0	0	0	0
Federal			0	0	0	0	0	0
Provincial			0	0	0	0	0	0
Other Revenue	1,907		0	0	0	0	0	0
By Category:								
Health & Safety			120	0	0	0	0	120
Legislated			0	0	0	0	0	0
State of Good Repair			0	0	0	0	0	0
Service Improvement			0	0	0	0	0	0
Growth Related			0	0	0	0	0	0
Yearly SOGR Backlog Estimate (not addressed by current year projects)			0	0	0	0	0	0
Accumulated Backlog Estimate (end of year)			0	0	0	0	0	0

*Note: Proposed Debt 2006 Excludes 1-year carry forward.

- Currently Yonge-Dundas Square does not have a 5-Year Capital Plan, hence no future years debt affordability guideline was assigned.

2006 Capital Budget Submission Summary (\$000)

2006 Capital Projects		Total Project Cost		2004 Carry Forward		2006 Previous Commitment		2006 New		Total 2006 Request (w/o 2005 C/Fwd)		2005 Carry Forward		Total 2006 (Incl 2005 C/Fwd)	
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
Carryforwards															
Yonge-Dundas Square Stage Canopy	4	350	350									250	250	250	250
Sub-Total				0	0	0	0	0	0	0	0	250	250	250	250
Previously Approved															
Sub Total				0	0	0	0	0	0	0	0	0	0	0	0
New and Change in Scope Projects															
Yonge-Dundas Square Lighting	1	120	120					120	120	120	120			120	120
Sub Total		120	120	0	0	0	0	120	120	120	120	0	0	120	120
Total Submission 2006		120	120	0	0	0	0	120	120	120	120	250	250	370	370

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

- As the 2006 Proposed Capital Budget is the same as the 2006 Capital Budget Submission, the Proposed 2006 Capital Budget Changes table is not included.

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

	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 (Incl 2005 C/Fwd)	2007	2008	2009	2010	2011- 2015	Total Cost
Expenditures													
Previously Approved						250	250						250
Change in Scope													0
New			120	120	120		120						120
New w/Future Year													0
Total Expenditure	0	0	120	120	120	250	370	0	0	0	0	0	370
Financing													
Debt			120	120	120	250	370						370
Subsidy (SCPI)													0
Prov. Subsidy/Grant													0
Development Charges													0
Other													0
Federal Grants													0
Reserves/Res Funds													0
Total Financing	0	0	120	120	120	250	370	0	0	0	0	0	370

Comments / Issues:

- The 2006 Proposed Capital Budget is \$0.370 million gross, including \$0.120 million for new/change in scope projects and \$0.250 million for projects carried forward from 2005 to 2006. The 2006 Proposed Capital Budget is totally funded from debt.
- Approval of the 2006 Proposed Capital Budget will result in no future years' commitment.

Operating Budget Impact

Incremental Operating Budget Summary

Incremental Operating Budget Impact	2006	2007	2008	2009	2010
Program Costs (net) (\$000s)	(22.4)	(11.4)			
Debt Service Charges (\$000s)	3.6	13.2	0.0	0.0	0.0
Approved Positions	0.0				

Program Incremental Operating Costs

The 2006 Proposed Capital Budget will reduce the Program's Operating Budget, with incremental impacts in 2006 and future years as a result of the following capital projects/sub-projects:

2006 Capital Projects/Sub-Projects		2006 (\$000s)	2006 approved position change	2007 (\$000s)
YDS	Installation of permanent Stage Canopy	(23.0)	0	(12.0)
YDS	Yonge-Dundas Square Lighting	0.65	0	0.65
TOTAL		(22.4)	0	(11.4)

The incremental operating costs and savings outlined above include the following:

- With the permanent installation of a canopy over the stage by spring 2006, Yonge-Dundas Square will no longer need to rent a canopy for a savings of \$0.023 million in 2006 and additional \$0.012 million savings in 2007.
- The new lighting fixtures are expected to be installed by the end of June 2006 which will result in incremental hydro costs of approximately \$1,300 annually by 2007 at current rates.

Debt Service Cost

The proposed Yonge-Dundas Square 2006-2015 Capital Program will result in new debt service costs of \$0.004 million in 2006 and the incremental cost of \$0.013 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 guideline for Yonge-Dundas Square was set at \$0.120 million, 100% debt funding, for one new health and safety project. The 2006 Proposed Capital Budget is at the debt guideline.

The Yonge-Dundas Square Board of Management has identified the installation of lighting components deferred from the original design of Yonge-Dundas Square (YDS) as the capital priority for 2006. The lighting installation is a strategic safety oriented addition to YDS's evening lighting complement. The cost of the 2006 new project for two lighting installations is estimated at \$0.120 million.

The proposed lighting installation features 36 fixtures along the large Dundas Street canopy structure and 20 fixtures under the oculus at the corner of Yonge and Dundas. These symbiotic lighting fixtures will create a luminescent effect at night and support YDS safety objectives.

The additional lighting will contribute to a greater sense of security for the public. The recent shooting that occurred at YDS has called into question the safety of the downtown Yonge neighbourhood. The capital improvements will contribute to advance YDS's status as a community meeting place and safe night time event venue.

5 Year Capital Plan Overview

Currently there is no 5-Year Capital Plan for the newly built Square (opened in 2003) and YDS does not anticipate any capital requests in 2007 – 2010 for “state of good repair”. A plan will be developed in the coming year to identify future year requirements to maintain the Square in a state of good repair. It is recommended that the YDS Board of Management report to Budget Advisory Committee by May 2006 on its future year state of good repairs capital plan so that its forecasted debt requirements may be considered with the City's firm 5-Year Capital Plan that the CFO will be recommending to the Budget Advisory Committee in the Spring of 2006.

The Yonge Dundas Redevelopment project/sub-projects are anticipated to be completed in 2005, and therefore no future year cash flow commitment is required.

Capacity

2006 capital expenditures include those to complete the fabrication and installation of a permanent stage canopy and new lighting installations on the Square. Capacity is generally not an issue with this program.

Facilities & Real Estate staff indicate that tenant settlements associated with the land assembly process are expected to be completed by the end of 2005 and are within the prior years' capital budget.

Readiness

With the design, engineering and specifications already on file, the 2006 proposed lighting installation project is ready to proceed to tender as soon as project funding is approved.

Future Revenue

Although the Yonge Dundas Redevelopment capital project will be completed by the end of 2005, the City will continue to receive revenue from the signage on the hoarding for the construction on the north side of Dundas, from any Section 37 agreement funding sources that will come to the City in the future and from the sale of the remaining land parcels, and any other revenue pertaining to the project. This revenue will reduce the net cost to the City of creating the Square.

Issues Referred to 2006 Capital Budget

There are no referred issues for this Program.

Outstanding Issues from Prior Years

There are no outstanding issues for this Program.

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