

City of Toronto

2006 – 2010 Proposed Capital Budget and Preliminary Plan

November 4, 2005



Overview – Chair of Budget Committee

- New Budget Process approved by Council in May, 2005:
 - provides Council Direction up-front
 - ensures approval of Capital Budget by December
- BAC / Council approved Five Year Targets up-front
- Staff directed to focus spending on rehabilitating / maintaining existing infrastructure and capital assets
- Staff have met the 2006 Target
- Staff to finalize 2006 – 2010 Capital Plan for submission to BAC in the Spring of 2006
- Approval of Water Budgets and Water Rate by December 2005

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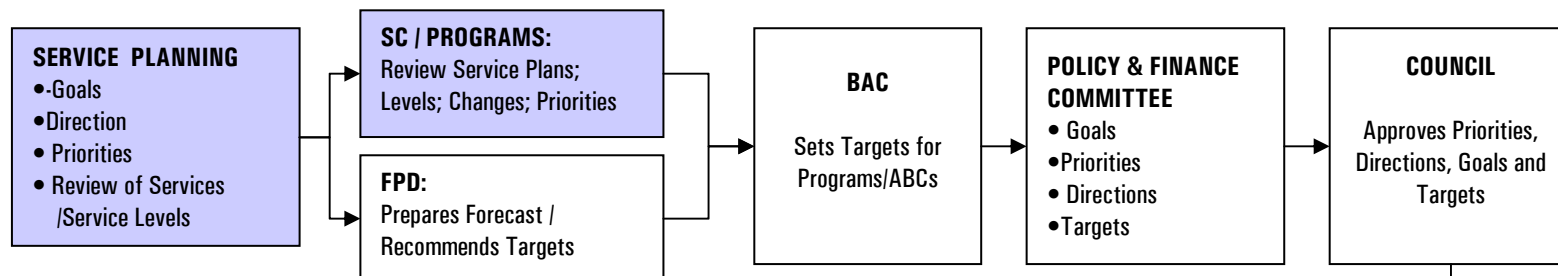
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CITY OF TORONTO

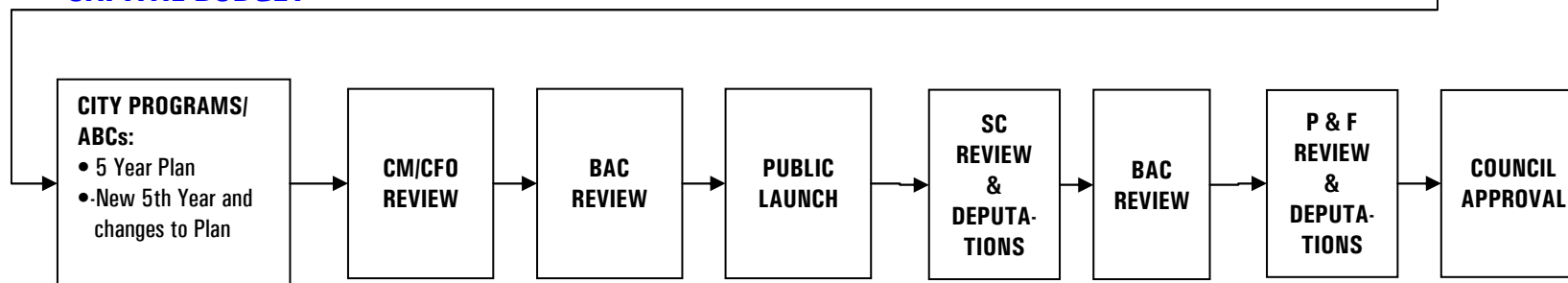
2006 Capital Budget Process

City of Toronto - 2006 Capital Budget Process

SERVICE PLANNING



CAPITAL BUDGET



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City of Toronto Capital Budget Process - 2006 Changes

- Upfront Approval of Priorities, Directions and Targets
- Approval of Five Year Capital Plan
- Alignment of ABC Budget Meetings with Council Approved Budget Process and Schedule
- Approval of Water Budgets and Rate in December 2005
- Joint BAC and Staff Proposed 2006 – 2010 Capital Budget and Plan

Council Guidelines and Targets

2006 – 2010 Council Approved Capital Budget and Plan - Direction & Guidelines

- Affordable new debt targets of \$350 million in each of 2006 and 2007, \$336 million in 2008 and \$285 in each of 2009 and 2010
- 2006 target for Capital from Current (CFC) financing of \$124 million.
- Allocate available funds based on the following priorities:
 - previously approved projects already in progress or within six months of being started, then to
 - new Health and Safety, Legislated, and State of Good Repair projects
- Consider new Service Improvement and Growth related projects only if they satisfy Council's highest priorities and minimize debt financing

2006 - 2010 Tax Supported Capital Plan

- Debt / CFC Targets (\$Millions)

Source of Financing	YEAR					
	2005	2006	2007	2008	2009	2010
Baseline Debt (Retire / Reissue)	135	135	135	135	135	135
New Debt:						
TTC	237	200	200	186	135	135
City	155	150	150	150	150	150
New (Affordable) Debt	392	350	350	336	285	285
Total Debt	527	485	485	471	420	420
Capital from Current (CFC)	124	124	124	124	124	124
Total Debt/CFC	651	609	609	595	544	544

2006 - 2010 Tax Supported Capital Program Debt / CFC Target Allocation (\$Millions)

Programs / ABCs	Debt/CFC Target					
	2006	2007	2008	2009	2010	Total 5 Year
City Operations	327	330	317	289	283	1,546
Special Purpose Bodies	57	50	51	54	48	260
Other		3	18	46	61	128
Tax Supported Program Before Transit & TPA	384	383	386	389	392	1,934
Toronto Transit Commission	200	200	186	135	135	856
GO Transit	22	23	20	18	15	98
Toronto Port Authority	3	3	3	2	2	13
Total - Transit & TPA	225	226	209	155	152	967
Total - Tax Supported Program	609	609	595	544	544	2,901

Capital Review Guidelines

2006 – 2010 Capital Budget and Plan

- Submission Summary

- Submissions from Agencies, Boards, Commissions and Divisions **exceeded** the Approved Debt Targets by:
 - 2006 - \$325 million or 53%
 - 2007 - \$499 million or 82%
 - 2008 - \$426 million or 72%
 - 2009 - \$439 million or 81%
 - 2010 - \$550 million or 101%

Capital Review Guidelines

- City programs and ABC submissions were critically reviewed to ensure optimal allocation of available resources
- Review required City Programs and ABCs :
 1. Justify budget request based on:
 - Needs analysis
 - Readiness to proceed
 - Ability to spend
 2. Defend each project based on cost-benefit, and risk assessment
 3. Confirm that partnerships / shared funding opportunities were fully explored to minimize debt burden

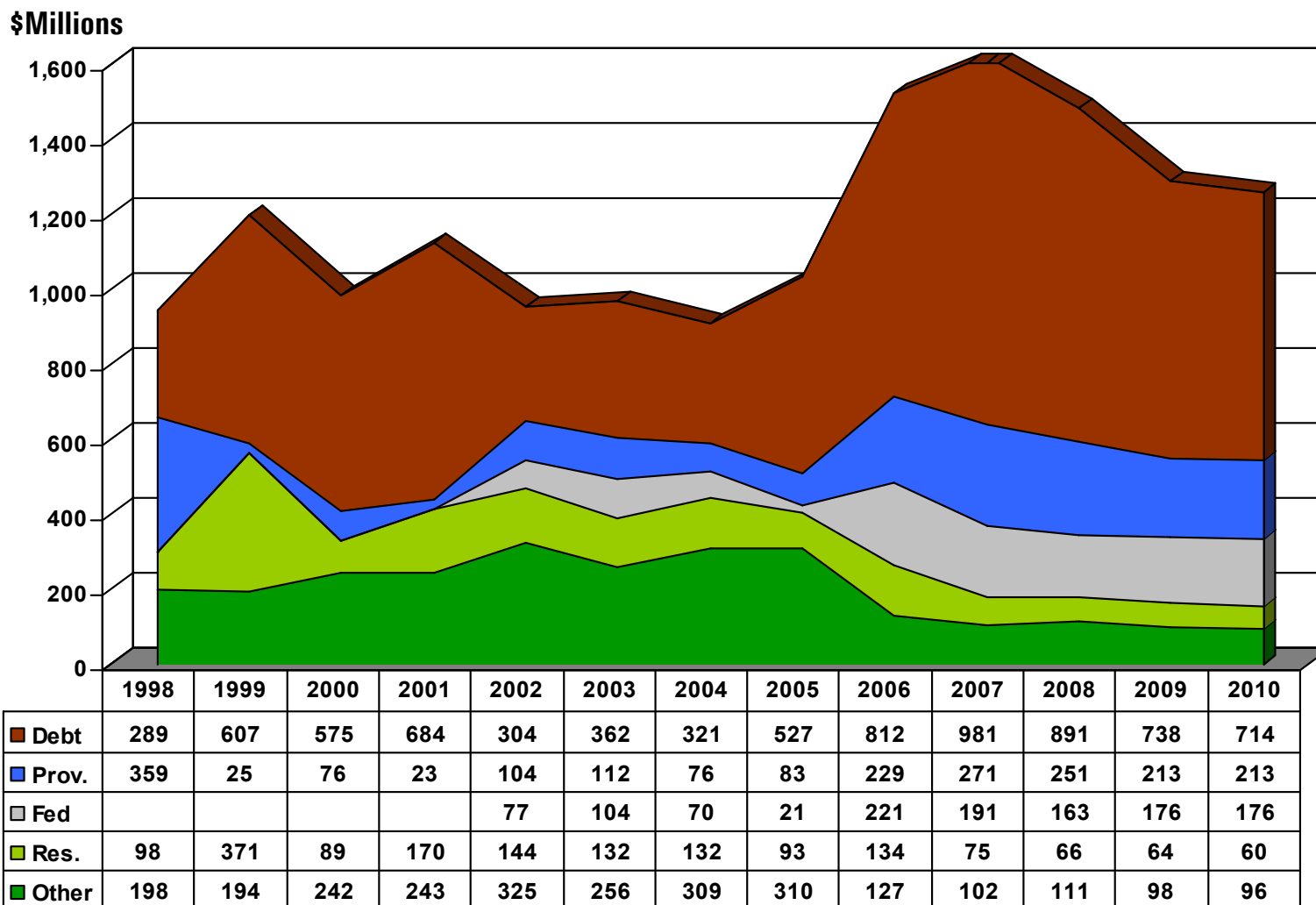
Capital Review Guidelines (Contd)

4. Confirm capacity and discuss issues / impediments to achieving capital plan including:
 - historical spending trends
 - completion of audits, design work and/or community consultation
 - backlog of carry-forward projects yet to be addressed
 - are projects in year 1 based on engineering estimates / solid costing
 - have projects in year 2 had feasibility / needs assessments completed
5. Impact on service delivery given operating guidelines
6. Strategy to mitigate SOGR backlog
7. Maximization of Development Charge funding

2006 - 2010 Proposed Capital Budget and Preliminary Plan

Capital Budget and Forecast (Submission)

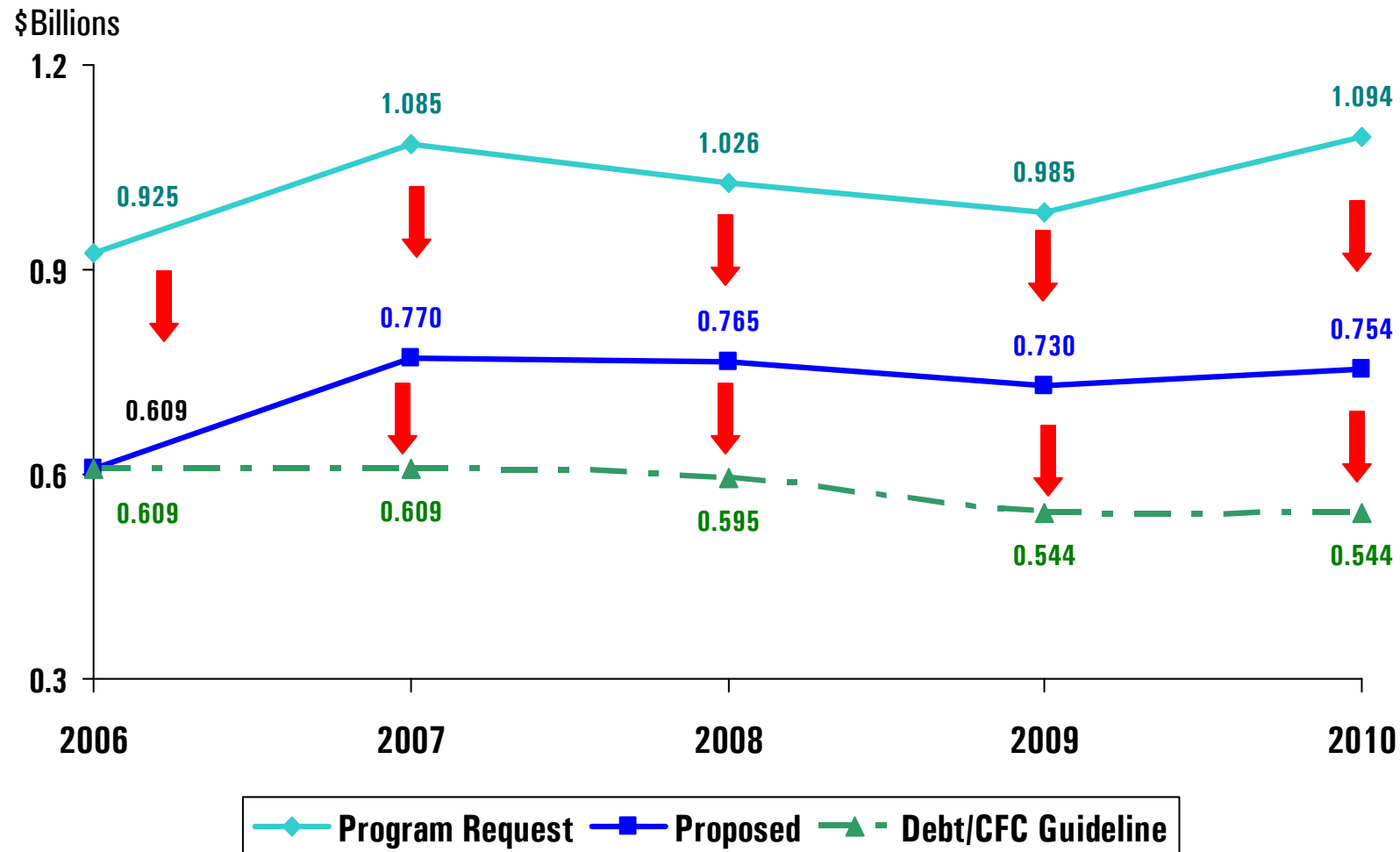
- Significant Growth in Debt Financing



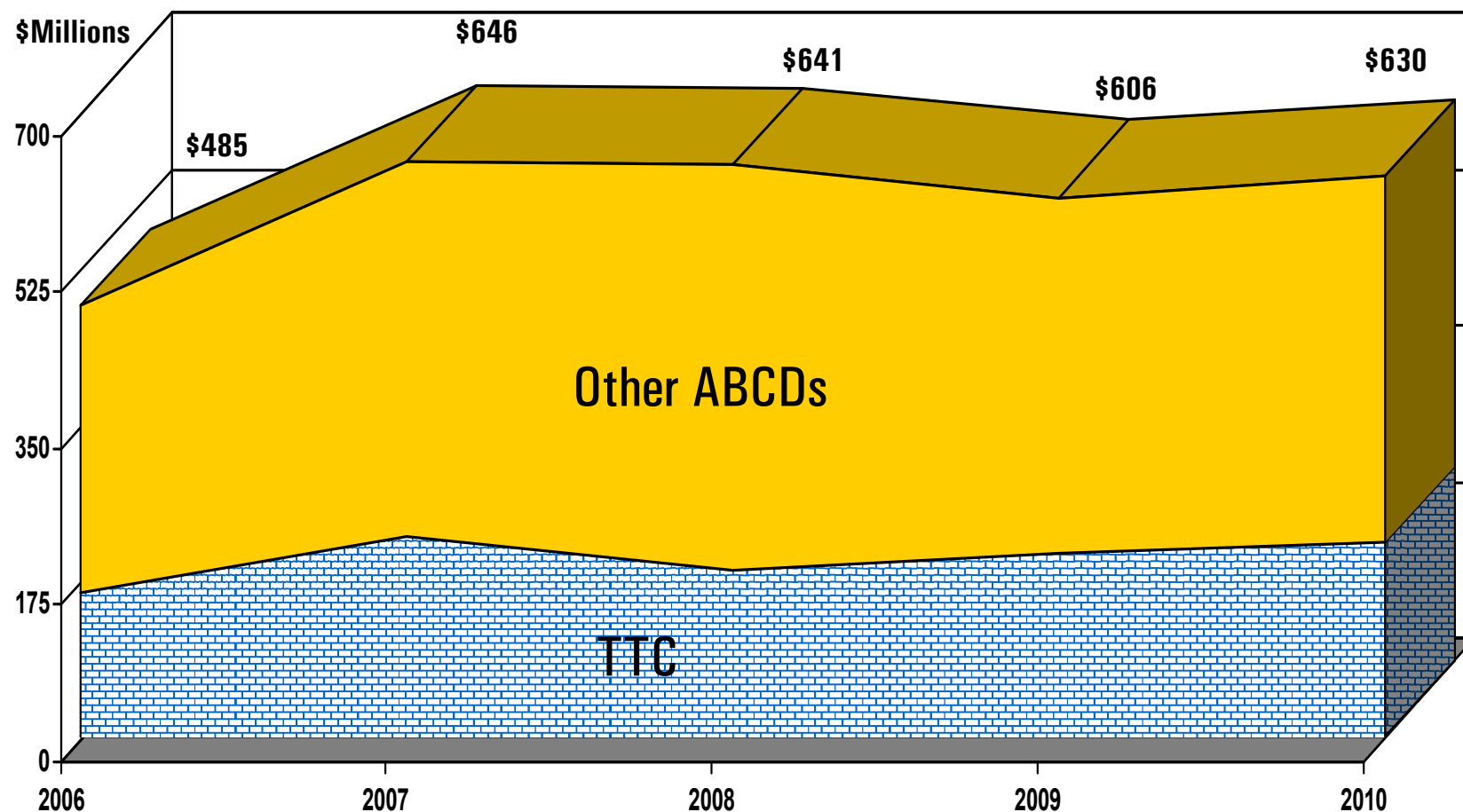
2006 – 2010 Proposed Tax Supported Capital Budget and Preliminary Plan - Request vs. Proposed Debt / CFC

Programs / ABCs	Debt / CFC										Total 2006 - 2010 Request	Total 2006 - 2010 Preliminary
	2006		2007		2008		2009		2010			
	Request	Proposed	Request	Preliminary	Request	Preliminary	Request	Preliminary	Request	Preliminary		
City Operations	488	358	592	460	592	489	524	438	481	456	2,677	2,201
Special Purpose Bodies	72	65	81	63	81	65	79	66	80	61	393	320
Tax Supported City Programs Before Transit & TPA	560	423	673	523	673	554	603	504	561	517	3,070	2,521
Toronto Transit Commission	340	163	386	224	330	188	361	206	516	220	1,933	1,001
GO Transit	22	20	23	20	20	20	18	18	15	15	98	93
Toronto Port Authority	3	3	3	3	3	3	2	2	2	2	13	13
Transit & TPA	365	186	412	247	353	211	381	226	533	237	2,044	1,107
Total - Tax Supported Program	925	609	1,085	770	1,026	765	984	730	1,094	754	5,114	3,628
Debt / CFC Target	609	609	609	609	595	595	544	544	544	544	2,901	2,901
Variance - Over (Under) Target	316	-	476	161	431	170	440	186	550	210	2,213	727

2006 -2010 Proposed Tax Supported Capital Budget and Preliminary Plan - Debt/CFC Request vs. Proposed vs. Targets



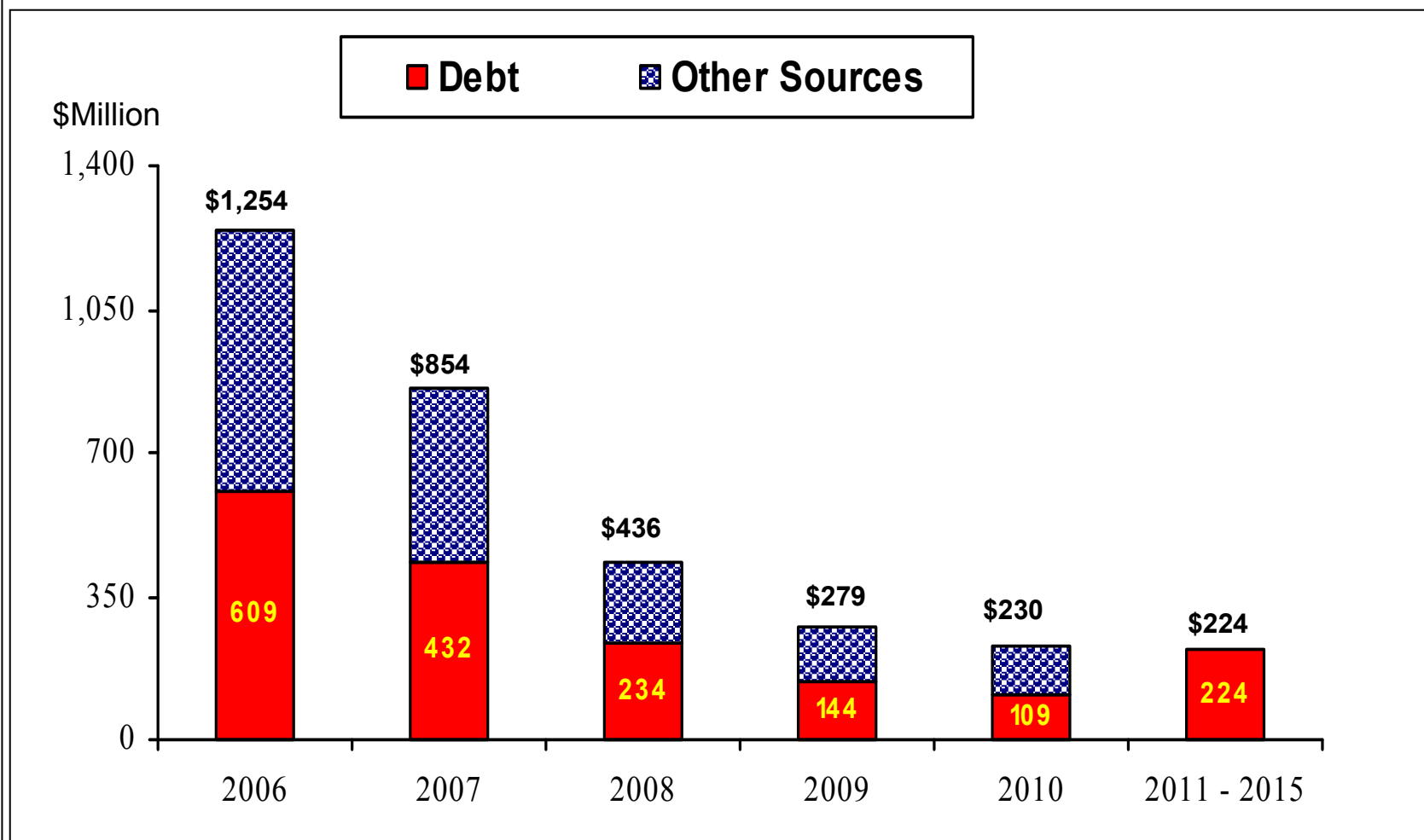
2006 – 2010 Proposed Tax Supported Capital Budget and Preliminary Plan – more than 1/3 Debt allocated to TTC



2006 Proposed Tax Supported Capital Budget - by Source of Financing

Programs / ABCs	Gross Exp.	\$Million Source of Financing						Debt/CFC Target	\$ Variance	% Variance
		Prov. Grants & Subsidies	Federal Grants & Subsidies	Dev. Charges	Reserves/ Reserve Funds	Other Sources	Debt/CFC			
City Operations	572	5	4	38	111	56	358	327	(31)	(9%)
Special Purpose Bodies	87		4	1	14	3	65	57	(8)	(14%)
Tax Supported City Programs Before Transit & TPA	659	5	8	39	125	59	423	384	(39)	(10%)
Toronto Transit Commission	557	173	212	5	-	19	163	200	37	19%
GO Transit	20	-	-	-	-	-	20	22	2	9%
Toronto Port Authority	3	-	-	-	-	-	3	3	-	-
Transit & TPA	595	173	212	5	-	19	186	225	39	17%
Total - Tax Supported Program	1,254	178	220	44	125	78	609	609	-	-

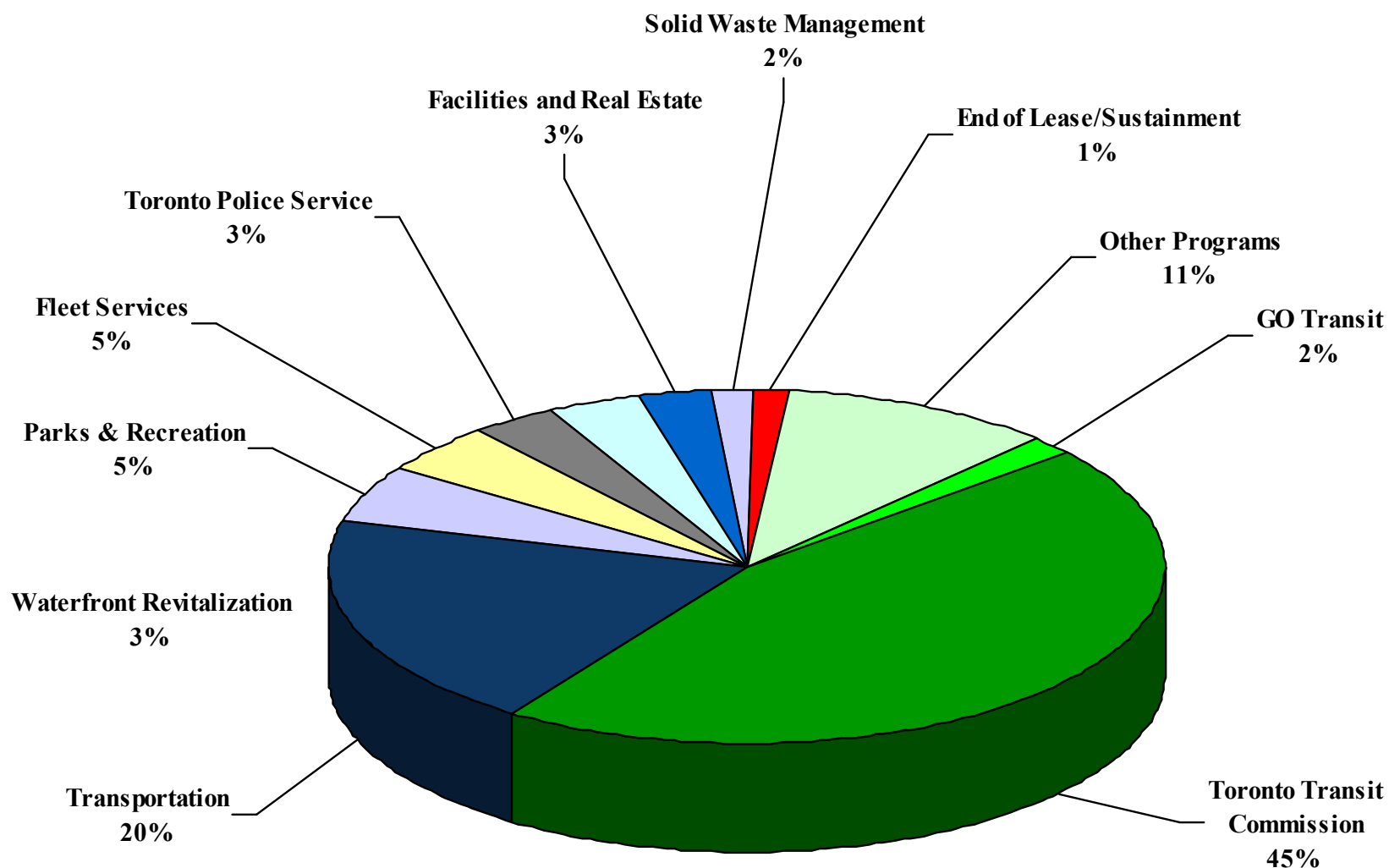
2006 Proposed Capital Budget and Future Year Commitments



Gross Expenditures - \$3,277 Million, Debt - \$1,752 Million

2006 Proposed Tax Supported Capital Budget

– Gross Expenditures by Major Program (\$1.254 Billion)



2006 - 2010 TTC Proposed Capital Budget

(excl. 2005 carry-forwards) - by Category and Financing Source

\$Millions							
Expenditures	2006	2007	2008	2009	2010	TOTAL 2006-2010	Per Cent of Total
Legislated	18	19	20	33	36	126	4.0%
State of Good Repair	484	561	553	529	539	2,666	83.9%
Service Improvement and Enhancement	64	119	13	23	24	243	7.6%
Growth Related	6	10	43	45	40	144	4.5%
Total Gross Expenditures	572	709	629	630	639	3,179	100.0%
Funded By:							
Provincial	173	263	258	231	229	1,154	36.3%
Federal	212	200	162	175	173	922	29.0%
Other	24	22	21	18	17	102	3.2%
Debt	163	224	188	206	220	1,001	31.5%
Total Funding	572	709	629	630	639	3,179	100.0%

Major Initiatives / Projects (\$ Millions)

Toronto Transit Commission

- 150 hybrid buses and 80 diesel buses 153.0
- Down-payment on 232 subway cars 111.0

Transportation

- Backlog of road repairs - \$15M above last year 84.0
- Traffic controls 11.0
- Cycling paths 2.2

Solid Waste

- Additional Source Separate Organics processing facility (to process city-wide organics) 4.0

Police

- New training facility 2.1
- 23 Division 6.1

Energy Retrofit Programs

9.0

Major Initiatives / Projects (\$ Millions)

Parks, Forestry and Recreation

- | | |
|--|------|
| • Repairs & Upgrades for Arenas, Community Centres, Tennis Courts and other facilities | 25.8 |
| • Environmental Initiatives | 1.25 |
| • Playground Enhancements | 1.20 |

Waterfront

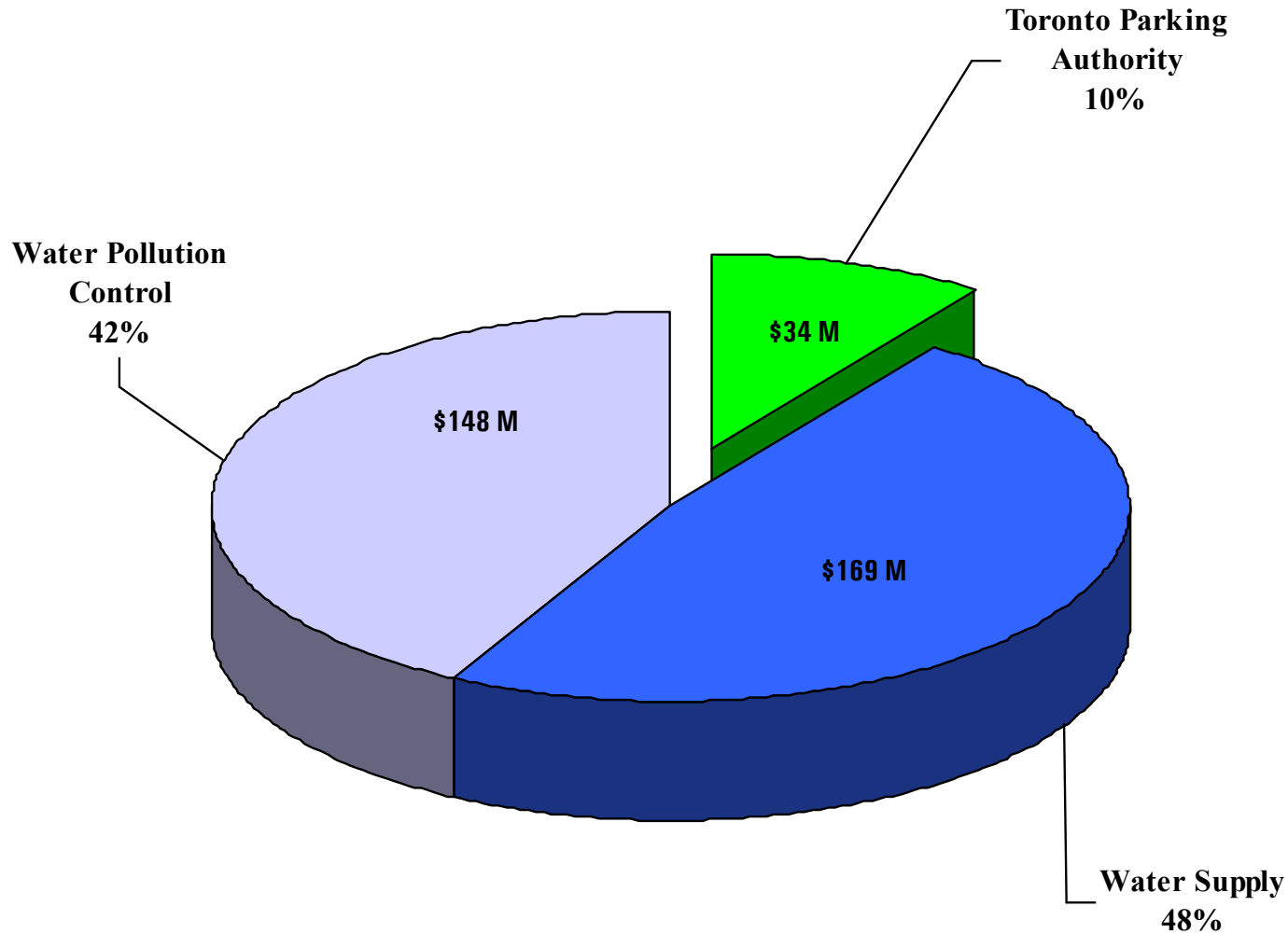
- | | |
|---------------------|------|
| • West Donlands | 25.2 |
| • East Bayfront LRT | 4.5 |

Clean & Beautiful City

- | | |
|----------------------|-----|
| • Civic Improvements | 2.1 |
|----------------------|-----|

<u>3-1-1</u>	6.7
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2006 Proposed Rate Supported Capital Budget (\$351 Million)



Summary and Next Steps

Summary

- **The Proposed 2006 Capital Budget:**
 - recognizes the significant contribution for TTC
 - meets Council approved debt / CFC target
 - fulfils Council priorities
 - rehabilitates and maintains assets in a state of good repair
 - is responsive to priority growth demands
 - ensures effective delivery of approved services, and
 - is fiscally responsible – living within our means
- Continued gap between needs and affordability in future years
- 2006 Budget Process transitions toward a Firm Five Year Capital Plan
 - Approved five-year debt targets
 - Longer-term planning and stability
- Staff will continue to work on the 2007 – 2010 Capital Plan and will report to BAC on a Firm Five Year Plan in the Spring of 2006

Next Steps

Committee Reviews

November

Public Deputations:

Standing Committees

- Administration Committee
- Planning and Transportation Committee
- Community Services Committee
- Works Committee
- Economic Development and Parks Committee

November 7 – 9

November 7

November 7

November 8

November 9

November 9

Policy and Finance Committee and Budget
Advisory Committee

November 23

City Council

December 8 & 9

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