

Analyst Briefing Notes

Budget Committee

October 19, 2009

Page

PART I: CAPITAL PROGRAM

Executive Summary.....	2
Recommendations.....	6
2009 Capital Variance Review	7
10-Year Capital Plan (2010 Recommended Budget, 2011-2019 Recommended Capital Plan)	9
10-Year Capital Plan Overview.....	11
10-Year Capital Plan: Incremental Operating Impact Summary.....	18
Total 2010 Recommended Cash Flow & Future Year Commitments	20
2010 Recommended Capital Budget: Overview	21

PART II: ISSUES FOR DISCUSSION

2010 Recommended Capital Budget Issues	24
2011-2019 Recommended Capital Plan Issues.....	24

APPENDICES

Appendix 1: Project Summary of the 2010 Recommend Capital Budget and 2011-2019 Capital Plan	27
Appendix 2: 2010 Recommended Capital Budget; 2011 to 2019 Capital Plan	28
Appendix 3: 2010 Recommended Cash Flow & Future Year Commitments	29
Appendix 4: 2010 Recommended Capital Projects with Financing Details	30
Appendix 5: 2010 Reserve / Reserve Fund Review	31
Appendix 6: 2010 to 2019 New Facilities and Expansion Projects	33

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October 19, 2009

PART I: CAPITAL PROGRAM**Executive Summary**

- The 10-Year Recommended Capital Plan provides funding for 6 major projects that advance the strategic direction of the Solid Waste Management Services Multi-Year Business Plan as approved by Council in July 2005 and that will form part of the Action Plan for Climate Change Adaptation as outlined in the Mayor's and Council's policy agenda to achieve 70% diversion target:
 - Diversion Facilities and Diversion Systems (to meet 70% Diversion Target): ongoing design and construction of the Dufferin and Disco Source Separated Organics (SSO) Processing Facilities, the Dufferin and Future Reuse Centres, new replacement SSO containers, SSO and recycling multi-unit residential containers and the Mixed Waste Processing Facility.
 - Transfer Stations Asset Management: ongoing operational improvements that are required to meet safety, health, operational and environmental requirements such as the Gas Handling Act and Ministry of Environment (MOE) standards.
 - Collection Yard Asset Management: ongoing renovation and retrofit to Collection Yards.
 - Landfill Development: ongoing development and operational improvements operation of the Green Lane Landfill. These include cell development, landfill gas control system, site services/ final cover/ storm control, and other remediation costs as well as continuing buffer land acquisition.
 - Perpetual Care of Landfills: ongoing maintenance of closed environmentally sound landfill sites after primary operations have ended. Includes the old landfills under the jurisdiction of the former area municipalities.
- Expenditures by year-end 2009 are projected to be \$54.557 million, or 79% of the 2009 Approved Capital Budget. The \$13.115 million of unspent 2009 funding will be carried forward into 2010 to complete 2009 capital work. The projected under expenditures are primarily attributed to delays in the Transfer Station Asset Management (delays in permit and procurement) and Landfill Development projects (delays in installation gas installation of gas wells).
 - State of Good Repair projects represent \$15.985 million or 23% of the 2009 Approved Capital Budget. Solid Waste Management Services is presently projecting a year-end spending rate of 98% in this category. Other projects including Service Improvement and Legislated projects represent \$52.966 million or 77% of the 2009 Approved Capital Budget. The Program is presently projecting a year-end spending rate of 74% for these projects.

- The 2010 Recommended Capital Budget includes previously approved commitments and new projects requiring 2010 cash flow of \$62.013 million. This cash flow combined with carry forward funding of \$13.115 million for 2009 projects brings the total 2010 Recommended Capital Budget to \$75.128 million.
 - Approval of the 2010 Recommended Capital Budget will result in a commitment to future year funding for new projects of \$8.626 million in 2011; \$1.350 million in 2012 and \$0.900 million in 2013. These future year commitments are mainly composed of \$3.100 million for the design and technical specification of the Mixed Waste Processing Facility at Green Lane and \$6.550 million for site remediation at the Dufferin Single Stream Recycling Facility.
- The 10-Year Recommended Capital Plan totalling \$535.988 million focuses on funding major diversion facilities in the first 5 years to advance the goal of 70% Diversion by investing in facilities and systems necessary to achieve this target as well as ongoing Collection Yard and Transfer Station Asset Management and Perpetual Care of closed landfills. Included are specific initiatives to address waste diversion and recycling such as expanding the Green Bin program to include apartments & condominiums as well as building additional Source Separated Organics processing capacity that will allow for expansion, and provide long term stability for the Green Bin program. In addition, the Program is planning to establish reusable goods drop-off centres to provide residents with one-stop location for re-usable goods. Additional capacity for recycling activities is also addressed with design and construction of the Dufferin Single Stream Recycling Facility. As major diversion facilities are completed by 2014, the period 2015 to 2019 includes continuing Asset Management, Perpetual Care of landfills as well as continuing development of the Green Lane Landfill.
- Key changes to the 2009-2018 Approved Capital Plan include a decrease of 39% or \$39.801 million in the plan for 2010. There is an over-all increase of \$10.470 million or 2.1% over the 9 year period. The majority of the increase is due to future year cash flows for Diversion Facilities being re-phased and re-estimated over the period 2010 to 2014 due to re-assessment of priorities to achieve diversion goals. In addition, the Collection Yards & Transfer Station Asset Management and Landfill Development projects were re-estimated to accommodate Infrastructure Stimulus funded projects in 2010 and 2011.
 - The main changes that affect the years 2010 to 2014 specifically include elimination of plans for the Replacement Leaf & Yard Waste Composting Facility, Single Stream Recycling re-defined with an over-all project at the Dufferin site, Source Separated Organics re-defined as two sites, the Dufferin SSO Facility and the Disco SSO Facility, Reuse Centres have been deferred by one year, and the cash flow for the Mixed Waste Facility has been decreased by \$41 million due to consideration of other diversion priorities.
- Infrastructure Stimulus Funding has been accommodated within the 10-Year Recommended Plan with a total project cost of \$11.048 million for Collection Yards & Transfer Station Asset Management and Landfill Development projects.

- The 2010 Recommended Capital Budget; 2011 to 2019 Recommended Capital Plan total \$535.988 million of which \$62.013 million is recommended for the Program's 2010 Recommended Capital Budget. The 10-Year Capital Plan of \$549.103 million, including carry forward funding of \$13.115 million, will be funded by \$310.674 million is recoverable debt, to be fully recovered from the Solid Waste user rates; \$98.862 million in funding from the Perpetual Care of Landfill Reserve Fund; \$9.968 million in funding from the Waste Management Reserve Fund for Green Lane projects; \$3.149 million in federal Infrastructure Stimulus Funding (ISF); and, \$126.450 million in potential external funding.
- Operating impacts total \$20.630 million over the 2011-2019 timeframe and resulting in on-going costs of \$1.928 million for Disco SSO Processing Facility, \$8.751 million for Reuse Centres, \$3.862 million related to investments in Diversion Systems, \$6.579 for ongoing costs related to the Mixed Waste Facility and net program revenue totalling \$0.490 million by 2019 from the Dufferin Single Stream Recycling Facility.
- The Program does not have any backlog of State of Good Repair projects.
- The 2010 Recommended Capital Budget is consistent with historical spending experience. The average yearly spending capacity for Solid Waste Management Services Capital is approximately \$79 million or 81% of planned expenditures with average spending being 85% over the past 3 years.. Including carry forward funding, the 2010 Recommended Capital Budget totals \$75 million. Solid Waste Management Services has assumed tight timelines and cash flows will be monitored against project milestones as major projects near awarding of tenders.
- The 10-Year Recommended Capital Plan provides funding for major projects such as:
 - Diversion Facilities (\$294.5 million) including completion of additional Source Separated Organics processing capacity at Dufferin and Disco sites; completion of the Dufferin Single Stream Recycling Facility to increase recycling capacity; and, building the Mixed Waste Facility at Green Lane with preliminary design starting in 2010 to enable the extraction of more recyclables and put less waste in the landfill;
 - Diversion Systems (\$28.8 million), with the majority of costs to be incurred in 2011 and 2012, that supports expanding the Green Bin program to include apartments & condominiums, expanding the range of recyclable materials, establishing reusable goods drop-off centres, providing single home residents with larger replacement SSO containers, and installation of RFID/GPS (Radio Frequency Identification/ Global Positioning System) on collection vehicles;
 - Transfer Stations and Collection Yard Asset Management (\$42.8 million);
 - Green Lane Landfill Development & Acquisition (\$60.4 million);
 - Perpetual Care of Landfills (\$98.9 million);
 - ISF funded projects (\$11.1 million) include Transfer Stations, Collection Yards and the Green Lane Landfill.
- The 2010 Recommended Capital Budget for previously approved and new projects of \$62.013 million (excluding 2009 carry forward funding into 2010) is allocated 46% to

service improvement projects at \$28.730 million, 30% or \$18.325 million to legislated projects, and 24% allocated to state of good repair projects at \$14.958 million:

- State of Good Repair projects include the new Asset Management capital work consisting of projects for Transfer Stations and Collection Yards funded in the amounts of \$6.458 million and \$8.500 million, respectively. The Program does not have a backlog of State of Good Repair projects.
 - Legislated projects include the on-going development and perpetual care of landfills at a cost of \$18.325 million. These projects are funded through the Perpetual Care of Landfill Reserve Fund (\$8.025 million), the Waste Management Reserve Fund (\$3.081 million), Infrastructure Stimulus funding (\$1.564 million) and recoverable debt (\$5.655 million).
 - Service Improvement projects include the Diversion Facilities for recycling and organics as well as the preliminary design of the Mixed Waste Processing Facility and various Diversion Systems and equipment that support the 70% diversion target at a cost of \$28.730 million in 2010.
- Long-term Capital requirements for Solid Waste Management Services are planned to be fully supported by funding from the Waste Management Reserve Fund. The issue is the magnitude of the Program's Capital requirements to achieve 70% Diversion and the effect of deferring bin fee rate increases on the sustainability of funding from the reserve fund. Based on the recommended rate increases and the current projected balances in the reserve fund, full funding of the Capital plan cannot be achieved until the year 2020.
 - In order to achieve aggressive diversion targets such as 70% Diversion, a key component is the capacity of Solid Waste Management Services to deliver capital diversion initiatives which can be affected by time, process and funding constraints experienced by the Program. The issue is the inherent risk with aggressive diversion targets versus the required capital initiatives and associated financing assumptions necessary to reach 70% diversion.
 - The appeal of the assessment of the Green Lane Land Transfer Tax remains an issue as it is ongoing and may result in the City being able to recoup some cost associated with the assessment. It is requested that the General Manager of Solid Waste Management Services provide a status update.

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. Council approve the 2010 Recommended Capital Budget for Solid Waste Management Services with a total project cost of \$51.576 million and a 2010 cash flow of \$75.128 million and future year commitments of \$96.389 million. The 2010 Recommended Capital Budget consists of the following:
 - a) New Cash Flow Funding for:
 - (i) 11 new sub-projects with a 2010 total project cost of \$51.576 million that requires cash flow of \$40.700 million in 2010 and future year commitments of \$8.626 million in 2011, \$1.350 million in 2012 and \$0.900 million in 2013;
 - (ii) 13 previously approved sub-projects with a 2010 cash flow of \$21.213 million and future year commitments of \$78.313 million in 2011 and \$7.200 million in 2012; and,
 - b) 2009 approved cash flow for 7 previously approved sub-projects with carry forward funding from 2009 into 2010 totalling \$13.115 million;
2. Council approve the operating impacts of \$5.790 million in 2011 to 2019 including \$4.774 million in 2011, \$0.195 million in 2012, \$0.228 million in 2013, \$0.103 million in 2014, \$0.105 million in 2015, \$0.107 million in 2016, \$0.053 million in 2017, \$0.111 million in 2018 and \$0.114 million in 2019 that emanate from the approval of the 2010 Recommended Capital Budget be considered within the overall scope of Solid Waste Management Services' 2011 Operating Budget and future year operating budgets;
3. Council approve that all sub-projects with third party financing be approved conditionally, subject to the receipt of such funding and if such financing is not forthcoming, their priority and funding be reassessed by City Council relative to other City-financed priorities and needs;
4. Council approve the 2011-2019 Capital Plan for Solid Waste Management Services totalling \$473.975 million in project estimates, comprised of \$158.249 million in 2011, \$131.326 million in 2012, \$65.078 million in 2013, \$33.409 million in 2014; \$16.250 million in 2015, \$14.852 million in 2016, \$14.918 million in 2017, \$20.193 million in 2018, and \$19.700 million in 2019;
5. The General Manager of Solid Waste Management Services report to the Public Works and Infrastructure Committee by May 2010, to provide a status update of the assessment appeal related to the Green Lane Land Transfer Tax and on the likelihood of recouping the reserve funding;
6. This report be considered concurrently with the 2010 Recommended Residential Solid Waste Rate Report (October 2009), from the Deputy City Manager and Chief Financial Officer and General Manager for Solid Waste Management Services.

PART II: CAPITAL PROGRAM

2009 Capital Variance Review

2009 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2009 Approved	Actuals as of June 30 (2 nd Qtr Variance)		Projected Actuals at Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
69,511	5,372	7.7%	54,557	78.5%	14,954

Comments / Issues:

Capital expenditures for the period ended June 30, 2009 totalled \$5.372 million or 7.7% of Solid Waste Managements' 2009 Approved Capital Budget of \$69.511 million. Solid Waste Management Services is projecting to be 78.5% spent by year-end.

\$13.115 million in under-expenditures will be carried forward into 2010 as follows:

Project	Projected Unspent	Projected Carry Forward
Disco SSO Processing Facility	8,900	8,900
Dufferin Single Stream Recycling Facility- Site Remediation	450	450
Recycling Upgrades For Multi-Units	1,000	1,000
Reuse Centre- Future Sites	500	500
Mandatory Diversion Enforcement	600	600
Transfer Station Asset Mgmt: Disco St. T.S	270	270
Green Lane Landfill: Development 2007	169	
Green Lane Landfill: Development 2009	1,395	1,395
Green Lane Landfill: Buffer Land Acquisition	1,197	
Perpetual Care Of Landfills - 2009	473	
Total 1 Year Carry Forward from 2009 to 2010	14,954	13,115

State of Good Repair projects (SOGR) represent \$15.985 million or 23% of the 2009 Approved Capital Budget. Significant SOGR projects projected to be 100% spent by year-end are:

Residential Collection (includes Collection Yard Asset Management) projects represent \$7.140 million or 45% of the 2009 Approved Capital Budget for SOGR. 90% of this approved cash flow in 2009 is

dedicated to the Ingram and Bermondsey Yard Renovations. It is projected that capital project activities and spending will continue in accordance with plans and be 100% spent at year end. The 2008 spending rate for the Residential Collection projects was 49%.

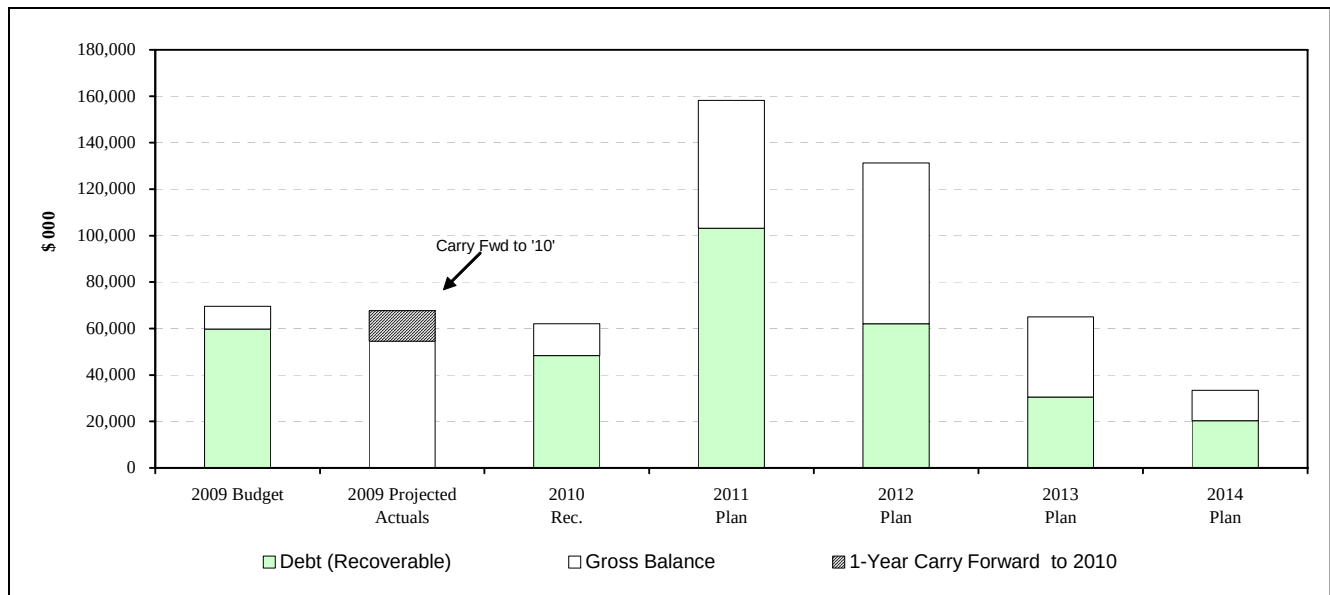
Transfer Station Asset Management projects represent \$8.845 million or 55% of the 2009 Approved Capital Budget for SOGR. 42% of this approved cash flow in 2009 is to be spent on the Dufferin Transfer Station project. It is projected that capital project activities and spending will continue in accordance with plans and be 97% spent at year end. However, the *Transfer Station Asset Management* project at the Disco Transfer Station representing \$0.820 million or 5% of the 2009 Approved Capital Budget for SOGR, will be under spent by \$0.270 million as planned work on the storm sewers, yard waste bunker and resurfacing will continue into 2010.

Service Improvement project funding represents \$31.255 million or 45.3% of funding in the 2009 Approved Capital Budget. The 2009 approved cash flow is for Diversion Facilities projects related to increasing waste diversion such as reuse centres, recycling, organics and single stream processing facilities, organics and recycling containers as well as for projects for the collection of durable goods. Delays in the design, build and operate contract award for the Disco SSO processing facility will result in projected under spending of \$8.9 million in 2009. Solid Waste Management Services is presently projecting a year-end spending rate of 65% in this category compared to last year's spending rate of 89% mainly due to delays resulting from the labour disruption.

Legislated projects represent \$21.711 million or 31.5% of funding in the 2009 Approved Capital Budget. These projects include expenditures on landfills including Green Lane and the Perpetual Care Of Old Landfills. Projected under spending of \$2.3 million on Green Lane is driven mainly by the Buffer Land Acquisition project which is projected to be 71% spent by year-end and New Cell Excavation and Base Construction project which started in May 2009 and is projected to be 85% spent by year-end. Solid Waste Management Services is presently projecting a year-end spending rate of 88% in this category compared to last year's spending rate of 59%.

10-Year Capital Plan

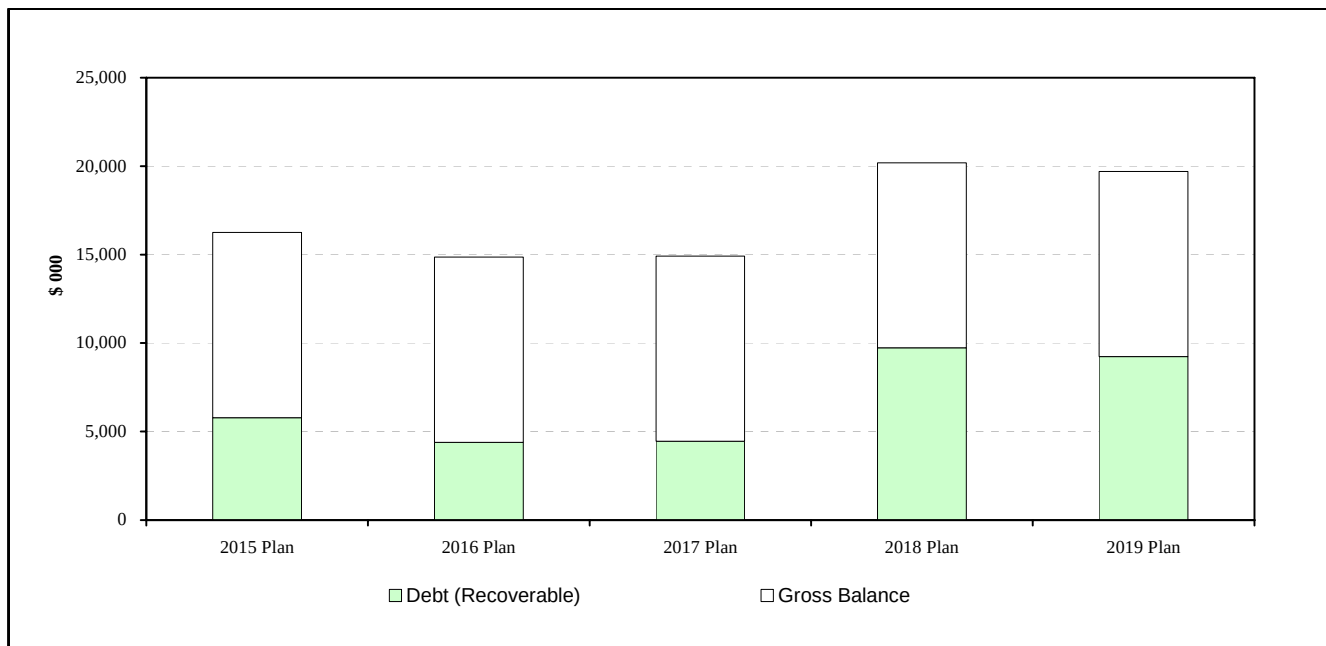
2010 Recommended Budget, 2011-2014 Recommended Plan



			2010 Rec. Budget and 2011-2014 Plan								
			2009		2010	2011	2012	2013	2014	Total 2010-2014	5-Year Total Percent
			Budget	Projected Actual							
Gross Expenditures:											
2009 Capital Budget & Future Year Commitments	69,511	54,557	48,614	37,859	7,200			93,673			
Recommended Changes to Approved Commitments			(27,301)	40,454	0			13,153			
2010 New/Change in Scope and Future Year Commitments			40,700	8,626	1,350	900		51,576			
2011 - 2014 Capital Plan Estimates			0	71,310	122,776	64,178	33,409	291,673			
1-Year Carry Forward to 2010		13,115	➡								
Total Gross Annual Expenditures & Plan	69,511	67,672	62,013	158,249	131,326	65,078	33,409	450,075			
Financing Sources:											
Debt	234							0	NA		
Debt (Recoverable)	59,759		48,343	103,195	62,059	30,559	20,322	264,478	58.8%		
Reserves/Reserve Funds	9,518		11,106	15,019	9,267	9,969	10,637	55,998	12.4%		
Development Charges								0	NA		
Federal			2,564	585				3,149	0.7%		
Provincial								0	NA		
Other Revenue				39,450	60,000	24,550	2,450	126,450	28.1%		
Total Financing	69,511		62,013	158,249	131,326	65,078	33,409	450,075	100.0%		
By Category:											
Health & Safety								0	0.0%		
Legislated	22,271		18,325	18,441	14,630	18,216	18,919	88,531	19.7%		
SOG	15,576		14,958	9,238	6,546	5,471	3,140	39,353	8.7%		
Service Improvement	31,664		28,730	130,570	110,150	41,391	11,350	322,191	71.6%		
Growth Related								0	0.0%		
Total By Category	69,511		62,013	158,249	131,326	65,078	33,409	450,075	100.0%		
Yearly SOGR Backlog Estimate (not addressed by current plan)									0		
Accumulated Backlog Estimate (end of year)									0		
Operating Impact On Program Costs			0	4,774	3,112	6,122	3,261	17,269			

10-Year Capital Plan

2015-2019 Recommended Plan



	2015-2019 Capital Plan							2010-2019 Total	Total Plan Percent
	2015	2016	2017	2018	2019	2015-2019			
Gross Expenditures:									
2009 Capital Budget & Future Year Commitments							93,673		
Recommended Changes to Approved Commitments							13,153		
2010 New/Change in Scope and Future Year Commitments							51,576		
2015 - 2019 Capital Plan Estimates	16,250	14,852	14,918	20,193	19,700	85,913	377,586		
Total Gross Annual Expenditures & Plan	16,250	14,852	14,918	20,193	19,700	85,913	535,988		
Financing Sources:									
Debt									NA
Debt (Recoverable)	5,784	4,386	4,452	9,726	9,233	33,581	298,059		55.6%
Reserves/Reserve Funds	10,466	10,466	10,466	10,467	10,467	52,332	108,330		20.2%
Development Charges									NA
Federal							3,149		0.6%
Provincial									NA
Other Revenue							126,450		23.6%
Total Financing	16,250	14,852	14,918	20,193	19,700	85,913	535,988		100.0%
By Category:									
Health & Safety									NA
Legislated	13,445	13,297	13,363	17,618	18,145	75,868	164,399		30.7%
SOG	2,455	1,205	1,205	2,225	1,205	8,295	47,648		8.9%
Service Improvement	350	350	350	350	350	1,750	323,941		60.4%
Growth Related									NA
Total By Category	16,250	14,852	14,918	20,193	19,700	85,913	535,988		100.0%
Yearly SOGR Backlog Estimate (not addressed by current plan)							0		
Accumulated Backlog Estimate (end of year)							0		
Operating Impact On Program Costs	3,013	98	44	102	104	3,361	20,630		

10-Year Capital Plan Overview

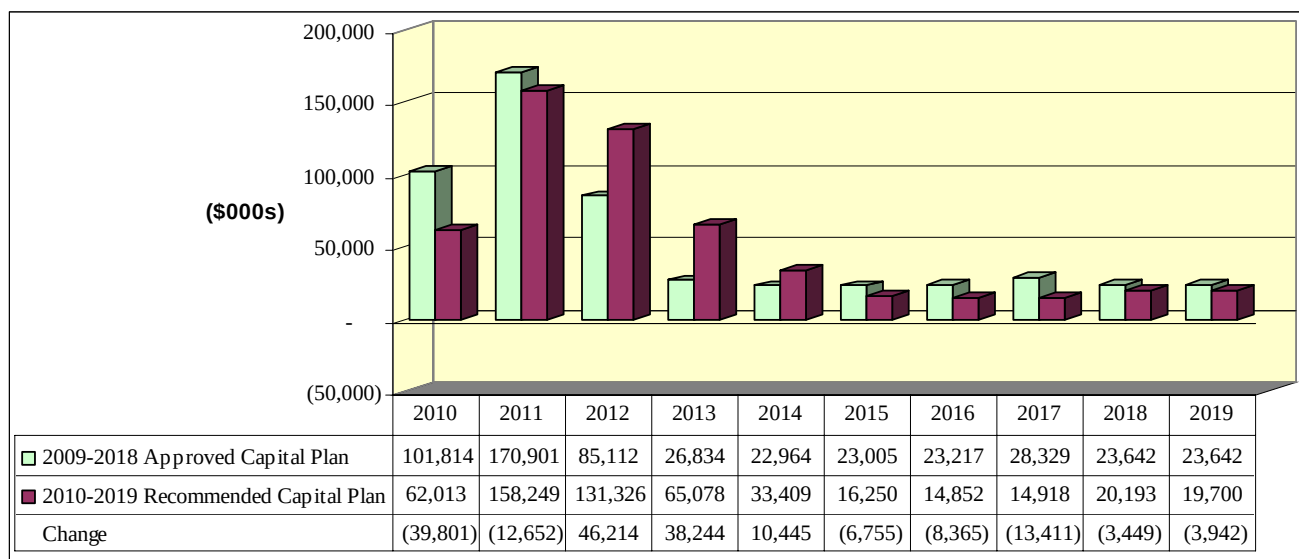
- The 10-Year Capital Plan moves forward the goal of 70% Diversion by investing in facilities and infrastructure necessary to achieve this target. Included are specific initiatives to address waste diversion and recycling such as:
 - Expanding the Green Bin program to include apartments & condominiums as well as building additional Source Separated Organics processing capacity that will allow for expansion, and provide long term stability for the Green Bin program.
 - Investing in a mixed waste processing facility to enable more effective separation of organics, recycling and residual waste.
 - Expanding the range of recyclable materials. Establishing reusable goods drop-off centres to provide residents with one-stop location for re-usable goods.
- The 10-Year Recommended Capital Plan project funding is composed of \$164.4 million or 31% for Legislated projects, \$47.7 million or 9% for State of Good Repair (SOGR) projects, \$323.9 million or 60% for Service Improvement projects. Significant projects by category are highlighted below:
 - Legislated projects include projects for landfill development and perpetual care of landfills which total \$65.537 million and \$98.862 million respectively. Perpetual care costs are funded by reserve funds.
 - SOGR projects are primarily Asset Management projects for Transfer Stations and Collection Yards which have recommended funding of \$37.748 million and \$9.900 million respectively.
 - Service Improvement projects make up most of the capital program comprises most of the Capital program and is composed of projects for Diversion Facilities including Mixed Waste Facilities at a cost of \$115.5 million, SSO Facilities that total \$71.9 million, Additional Single Stream Processing Capacity at Dufferin totalling \$79.0 million, the purchase of SSO containers estimated at \$24.7 million and establishment of Reuse Centres with a projected cost of \$28.1 million. Total expenditures of \$323.9 million will be funded from recoverable debt (\$197.5 million) and from third party financing (\$126.5 million).
- The 10-Year Recommended Capital Plan for Solid Waste Management Services is funded primarily from recoverable debt as well as reserve funds and potential external funding. The Program relies on the user fee program to repay debt charges on an ongoing basis. The Solid Waste Management operating budget includes a contribution for the repayment of capital debt issued for this Program's Capital needs.
- The 10-Year Capital Plan expenditures will be funded by recoverable debt (\$297 million or 55%) reserve funds (\$108.3 million or 20%), third party financing (\$126.5 million or 24%) and Federal Infrastructure Stimulus Funds (ISF) (\$3.149 million or 1%). Federal stimulus funding will provide funding for Collection Yard Asset Management, Transfer Station Asset Management and Landfill Development at Green Lane. These projects, with a total federal share of 33% and with the remaining 67% funded through user rate recoverable debt, have been accelerated to 2010 and will benefit from this stimulus funding.

- As part of the 10-Year financing, Solid Waste Management is continuing to explore the possibility of partnering on the development of 2 of its 3 major diversion facilities. These are the Dufferin Single Stream Recycling Facility and the Mixed Waste Processing Facility at Green Lane. The partnerships may result in realizing external funding, which includes WDO funding currently estimated at \$70.450 million or 13% of the total recommended Capital Plan.
- The Program does not have a backlog of State of Good Repair projects.
- Operating Budget impacts over the 10-year timeframe total \$20.6 million and include on-going costs \$1.9 million for the Disco SSO Processing Facility, \$3.9 million for SSO Multi-Unit Residential Containers Implementation, \$6.6 million for the Mixed Waste Facility, \$8.8 million for Reuse Centres and net program revenue totalling \$0.490 million by 2019 from the Dufferin Single Stream Recycling Facility.



Key Changes to the 2009-2018 Approved Capital Plan

The 2010 to 2019 Recommended Capital Plan reflects changes from the projects planned for this period in 2009. As outlined in the table below, the 2010 Recommended Capital Budget of \$62.013 million in new cash flow represents a decrease of 39% or \$39.801 million compared to the planned cash flow for 2010 of \$101.814 million in 2009. There is a \$6.528 million or 1.2% increase in the Recommended Capital Plan over the 10-year period.



The majority of the increase is due to future year cash flows for Diversion Facilities being re-phased and re-estimated over the period 2010 to 2014 due to re-assessment of priorities related to diversion goals. In addition, the Collection Yards & Transfer Station Asset Management and Landfill Development projects were re-estimated to accommodate Infrastructure Stimulus funded projects in 2010 and 2011.

The main changes that affect the years 2010 to 2014 specifically are:

- **Replacement Leaf & Yard Waste Composting Facility:** The necessity of this facility has been reviewed and it has been determined that due to other priorities for diversion facilities that the service that would be provided by this new facility will continue to be contracted out to third parties. The original plan required cash flows totalling \$7.950 million with \$3.750 million in 2011, \$4.000 million in 2012 and \$0.200 million in 2013. Funding was planned to be 50% recoverable debt and 50% from third party financing.
- **Single Stream Recycling:** It has been determined the Dufferin Street site will be the site of this facility. The cash flow over 2010 to 2014 has increased by \$55 million with the project being re-assessed and will have peak construction occur over 2011/2012. Financing for this project includes 89% external funding with the balance from recoverable debt for the site remediation.
- **Source Separated Organics:** This facility has been re-defined as two sites, the Dufferin SSO Facility and the Disco SSO Facility. The cash flow over 2010 to 2014 has increased by \$18 million with the project being re-phased to have peak construction occur over 2011/2012. The increase of \$18 million is for the site remediation at the Disco site. Financing for this project is through recoverable debt.
- **Reuse Centres:** The cash flow over 2010 to 2014 has increased by \$2.5 million with the project start being deferred by one year to have peak construction occur over 2011/2012, and again in 2014 with the completion of the Dufferin Reuse Centre. The increase of \$2.5 million will accommodate this site.
- **Mix Waste Facility:** The cash flow over 2010 to 2014 has decreased by \$41 million with the project being re-phased to have peak construction occur in 2012. The decrease of \$41 million partially offsets increases for recycling, SSO and Reuse Centre projects. Financing for this project is 48% other third party and 52% recoverable debt.

Project Financing

The 10-Year Recommended Capital Plan is funded primarily from recoverable debt which accounts for 56% or \$298.059 million of total cash flow funding of \$535.988 million. Reserve funds provide 20% or \$108.330 million of financing for Perpetual Care expenditures of former landfill sites. Federal Infrastructure Stimulus funding provides \$3.149 million over 2010/2011. Potential capital cost sharing with third parties for two new diversion facilities accounts for the remaining 24% or \$126.5 million.

User fees are intended to fund Solid Waste Management Services Operating and Capital program. In the short term, user fees will repay debt borrowed on behalf of the Program for capital expenditures until such time as the Capital program can be fully funded from reserve funds. However, no increase for Solid Waste user fees was approved in the 2009. For 2010 there is a recommended 2% increase in user fees. As a result, current projections for the Waste Management Reserve Fund which is meant to ultimately fully fund the capital program of Solid Waste management Services indicate that funding, based on contributions driven by user fees, will not support the current rate of capital commitments until the period 2020 to 2025. This will be a key issue for the 2011 Capital Plan as several large projects begin to enter the main construction phase.

Infrastructure Stimulus Funding (ISF)

Through Canada's Economic Action Plan, the federal government has recently established a new \$4.000 billion Infrastructure Stimulus Fund. The Infrastructure Stimulus Fund complements existing federal and provincial infrastructure funding by focusing on short-term objectives for economic stimulus. The full \$4.000 billion has been distributed across Canada in fiscal years 2009-2010 and 2010-2011 for projects that will focus largely on the rehabilitation of existing assets such as water; wastewater; public transit; highways; roads; culture; parks; and, trails.

Solid Waste Management Services' 10-year Recommended Capital Plan includes projects, valued at \$1.600 million in 2009; \$7.692 million in 2010; and \$1.756 million in 2011. As outlined below, funding has been approved for Asset Management projects for Collection Yards, Transfer Stations and the Green Lane Landfill. These projects are currently included in Solid Waste Management Services 2010 Recommended Capital Budget and 2011 Recommended Capital Plan. Funding from the Infrastructure Stimulus Funding program represents 33% of total funding with the balance to be funded by recoverable debt.

Given that these projects represent expenditures and capital works that must be completed by March 2011, Program staff and the Financial Planning Division have reviewed and confirmed the capacity of the program to complete this work on schedule while maintaining delivery of other previously planned projects. Furthermore, as these projects also require funding from recoverable debt, consideration has been given to the effect that this debt funding will have on the Solid Waste Management Services Rate Model specifically to constrained user fees and resultant debt repayment schedules.

Solid Waste Management Services Stimulus Funding

Total Project Cost	2009	2010	2011	Total
Collection Yards	600	2,800		3,400
Transfer Stations	-	1,160	290	1,450
Green Lane Development	1,000	3,732	1,466	6,198
Total	1,600	7,692	1,756	11,048

Funding				
Federal Subsidy	533	2,564	585	3,683
Recoverable Debt	1,067	5,128	1,171	7,365
Total	1,600	7,692	1,756	11,048

Program Capacity and Readiness to Proceed

The 2009 Approved Capital Budget of \$69.511 million was 7.7 % or \$5.372 million spent at June 30th, 2009. Year-end expenditures are projected to be \$54.557 million or 78.5% of the 2009 Approved Capital Budget. The 2008 spending rate was 79%. The 2009 projected spending rate by year-end is in line with the Program's historic spending capacity. The last several years, with the exception of a decline in 2006, have shown increased capital spending, as shown in the following table. The average spending rate over the five previous years has been approximately 81%.

SWMS CAPITAL SPENDING CAPACITY				
Year	Budget	Actual / Projected Actual	Variance	Spending Rate
2005	35,987	25,574	10,413	71.1%
2006	26,811	8,414	18,397	31.4%
2007	266,298	237,127	29,171	89.0%
2008	90,547	71,507	19,040	79.0%
2009	69,511	54,557	14,954	78.5%
Total	489,154	397,179	91,975	
Last 5 years Avg	97,831	79,436	18,395	81%
Last 3 years Avg	142,119	121,064	21,055	85%

2009 Actuals to 2nd quarter projections, Plan includes Carry forward funding

Individual projects have been reviewed for their readiness to proceed and the 10-year recommended cash flows have been adjusted to account for capital needs and legislative requirements as well as the planning & procurement process. Delays in 2009 for landfill development, buffer land acquisition, roll-out of green bins for multi-unit residential customers and delays in the tendering and procurement process for the Dufferin Single Stream Recycling Facility and the Disco SSO processing Facility have caused under-spending of \$13.1 million that will be carried forward from 2009 into 2010.

Backlog – State of Good Repair (SOGR)

The program does not have any backlog of State of Good Repair projects.

Capital Projects Highlights

The 2010 Recommended Capital Budget and the 2011 - 2019 Recommended Capital Plan advance the strategic direction of the Solid Waste Management Services Multi-Year Business Plan and support key priorities outlined in the Mayor's Mandate and Council's policy agenda.

The Solid Waste Management Services' Multi-Year Business Plan was approved by Council in June 2005. The Business Plan provides a long-term overview of the actions and decisions that will be required to meet Toronto's waste diversion goals and to secure dependable long-term management of residual solid waste over the next decade.

Achieve 70% Waste Division Target

At its meeting of June 19, 20 and 22, 2007, Council supported and approved the Mayor's objective of 70% waste diversion by 2010. This aggressive target of 70% diversion required an acceleration of the projects in the current capital program, and includes diversion targets for multi and single residential customers. The 2010 Recommended Capital Budget and the 2011 - 2019 Recommended Capital Plan have been established to achieve the 70% diversion goal with dedicated funding of \$323.3 million towards this objective. Based on current projections this target will be reached for single family homes by late 2010. Improvement in the total diversion rate depends on successful integration of multi-unit residential customers and implementation of three major facilities. These facility projects are the Disco SSO Processing Facility, the Mixed Waste Facility, the Dufferin Single Stream Recycling Facility and the Dufferin SSO Processing Facility

Work also continues on the expansion and construction of residual waste cells at the Green Lane Landfill following the August 2009 Council approval of cash flow re-allocations within the 10-Year Plan for this project. \$3.5 million in cash has been moved forward from the plan from 2017 to 2010 and 2011; with a further \$4 million committed in the plan for 2011 in order to facilitate the building of an extra cell in preparation for the termination of the City's waste disposal contract in Michigan by December 2010.

The following table highlights key capital projects in the 2010 Recommended Capital Budget and the 2011 - 2019 Recommended Capital Plan :

(In \$Thousands)	2010 Rec. Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2010-2019 Total
New & Expanded Facility Projects											
DIVERSION FACILITIES	25,800	113,100	103,600	41,041	11,000						294,541
ASSET MANAGEMENT (Transfer/Collection)	10,603	8,718	6,546	5,471	3,140	2,455	1,205	1,205	2,225	1,205	42,773
LANDFILLS (Green Lane Cells, Buffer land)	5,541	7,887	4,099	6,557	6,591	2,348	2,348	2,348	6,133	6,495	50,347
IT Projects	595	430	200								1,225
Sub-Total	42,539	130,135	114,445	53,069	20,731	4,803	3,553	3,553	8,358	7,700	388,886
Other Major Initiatives											
DIVERSION SYSTEMS											
Diversion Facility Asset Management	250	300	250	250	250	250	250	250	250	250	2,550
Recycling Upgrades for Multi-Units		500									500
Replacement SSO Containers		15,950	6,000								21,950
SSO Multi-Unit Res. Containers Implementation	1,400	520									1,920
SSO Multi-Unit Res. Containers Replace/expand			100	100	100	100	100	100	100	100	800
Tractor Trailers	1,080										1,080
LANDFILL SYSTEMS											
Green Lane (Eng., Systems, Site Services)	1,027	456	1,264	1,690	1,691	631	483	549	1,018	1,183	9,992
Perpetual Care Of Landfills - 2010	8,025	8,632	9,267	9,969	10,637	10,466	10,466	10,466	10,467	10,467	98,862
INFRASTRUCTURE STIMULUS FUNDING											
ISF - COLLECTION YARDS	2,800										2,800
ISF - LANDFILL (Green Lane)	3,732	1,466									5,198
ISF - TRANSFER STATIONS	1,160	290									1,450
Sub-Total	19,474	28,114	16,881	12,009	12,678	11,447	11,299	11,365	11,835	12,000	147,102
Total	62,013	158,249	131,326	65,078	33,409	16,250	14,852	14,918	20,193	19,700	535,988

The 10 Year Capital Plan has total gross cost of \$535.988 million for the required Solid Waste Management Services capital projects, representing a decrease of \$70.570 million over last year's 10-Year Capital Program. During the 2010 to 2019 period, the incremental annual operating cost of the additional diversion initiatives will increase by \$22 million by year 2019.

The 70% Diversion report approved by Council in June 2007 identified over 20 individual waste diversion initiatives that when combined, will allow the City to achieve its diversion goals. The Recommended 2010-2019 Capital Plan provides the infrastructure necessary to move toward 70% diversion between 2010 and 2014.

The 2010 to 2019 Recommended Capital Plan provides funding for 5 major projects:

- Diversion Facilities (\$294.5 million)
 - Building additional Source Separated Organics processing capacity at Dufferin and Disco sites that will increase capacity to allow for expansion, and provide long term stability for the Green Bin program;
 - Building the Dufferin Single Stream Recycling Facility to increase recycling capacity; and,
 - Building the Mixed Waste Facility at Green Lane with preliminary design starting in 2010 to enable the extraction of more recyclables and put less waste in the landfill.
- Diversion Systems (\$28.8 million), with the majority of costs to be incurred in 2011 and 2012, that supports with major diversion activities as follows:
 - Expanding the Green Bin program to include apartments & condominiums;
 - Expanding the range of recyclable materials in the blue box to include: polystyrene and plastic film;
 - Establishing reusable goods drop-off centres to provide residents with one-stop location for re-usable goods;
 - providing single home residents with larger replacement SSO containers that will facilitate automated pick-up/collection;
 - Installation of RFID/GPS (Radio Frequency Identification/ Global Positioning System) on collection vehicles to aid in the collection of billing data residential collection.
- Transfer Stations Asset Management (\$37.1 million; including ISF projects worth \$1.5 million));
- Collection Yard Asset Management (\$9.9 million; including ISF projects worth \$2.8 million)).
- Green Lane Landfill Development & Acquisition (\$65.5 million including ISF projects worth \$5.2 million);
- Perpetual Care of Landfills (\$98.9 million);

Operating Budget Impact - 10-Year Plan

Incremental Operating Impact Summary

(In \$Thousands)	2010 Rec. Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2010- 2019 Total
2010 Recommended Capital Budget											
Program Costs (Net)		4,774	195	228	103	105	107	53	111	114	5,790
Approved Positions	13		(12)	(1)							
Recommended 10-Year Capital Plan											
Program Costs (Net)			2,917	5,894	3,158	2,908	(9)	(9)	(9)	(10)	14,840
Approved Positions			12	12		12					36
Total											
Program Costs (Net)		4,774	3,112	6,122	3,261	3,013	98	44	102	104	20,630
Approved Positions	13			11		12					36

Program Operating Impacts

Approval of the 2010-2019 Recommended Capital Plan will result in a cumulative increase in Solid Waste Management Services' Operating Budget of \$20.630 million and 36 new positions by 2019. The incremental net operating costs are detailed below:

Sub-Project	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010- 2019
SSO Multi-Unit Res.Containers Implementatio	-	3,296	66	67	69	70	71	73	74	76	3,862
Dufferin Reuse Centre	-	-	-	-	-	2,917	-	-	-	-	2,917
Reuse Centre Future Sites	-	-	2,917	2,917	-	-	-	-	-	-	5,834
Tractor Trailers	-	32	24	-	-	-	-	(56)	-	-	-
Disco SSO Facility	-	1,446	105	161	34	35	36	36	37	38	1,928
Dufferin Single Stream Recycling Facility- MRF Building and Equipment	-	-	-	(313)	(131)	(9)	(9)	(9)	(9)	(10)	(490)
Mixed Waste Processing Facility- Design,Engineering, and Construction	-	-	-	3,290	3,289	-	-	-	-	-	6,579
Total	-	4,774	3,112	6,122	3,261	3,013	98	44	102	104	20,630

The incremental operating costs are primarily impacted by the opening of new diversion facilities that will require ongoing costs to operate as well as by associated new revenues:

- SSO Multi-Unit Residential Containers: \$3.296 million in 2011 in operating costs, net of disposal savings for the roll-out of the program and additional incremental on-going costs of \$0.6 million by 2019 to support the program.
- Reuse Centres: the annual costs of operating up to a total of 2 large operational reuse centres (with construction starting in 2011) are \$2.917 million in 2012, \$2.917 million in 2013. An additional facility at Dufferin will have an operating cost impact of \$2.917 million in 2015.
- Disco SSO Processing Facility: the largest impact is \$1.446 million in 2011, with ongoing nominal impacts through 2019, net of disposal savings.

- Dufferin Single Stream Recycling Facility: The net program revenue totalling \$0.490 million by 2019 results from disposal savings and additional revenues from the sale of recyclables.
- Mixed Waste Facilities: \$3.290 million in 2013 & 2014 for operating costs to start-up the facility to provide more efficient separation of source material.

Total 2010 Recommended Cash Flow & Future Year Commitments (\$000s)

(In \$ Thousands)	2008 & Prior Year Carry Forwards	2010 Previously Approved Cash Flow Commitments	2010 New Cash Flow Rec'd	2010 Total Cash Flow Rec'd	2009 Carry Forwards	Total 2010 Cash Flow (Incl 2008 C/Fwd)	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total Cost
Expenditures																
Previously Approved		21,313		21,313	13,115	34,428	78,313	7,200								119,941
Change in Scope				0		0										0
New			32,752	32,752		32,752										32,752
New w/Future Year			7,948	7,948		7,948	8,626	1,350	900	0						18,824
Total Expenditure	0	21,313	40,700	62,013	13,115	75,128	86,939	8,550	900	0	0	0	0	0	0	171,517
Financing																
Reserves/Res Funds		3,081	8,025	11,106	500	11,606	6,387									17,993
Federal Subsidy		2,564		2,564		2,564	585									3,149
Other				0		0										0
Debt (Recoverable)		15,668	32,675	48,343	12,615	60,958	79,967	8,550	900							150,375
Total Financing	0	21,313	40,700	62,013	13,115	75,128	86,939	8,550	900	0	0	0	0	0	0	171,517

Comments / Issues:

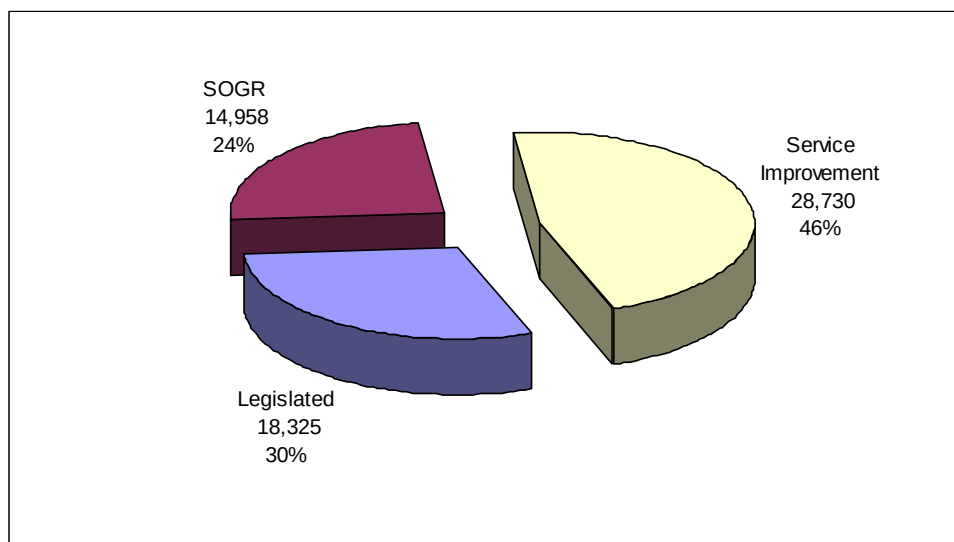
The 2010 Recommended Capital Budget is \$75.128 million. Approval of the 2010 Recommended Capital Budget will require commitments to future year funding of \$86.939 million in 2011; \$8.550 million in 2012, and \$0.900 million in 2013. 2009 approved cash flow of \$13.115 million for 7 previously approved sub-projects that will be carried forward from 2009 into 2010. This funding is required for Disco SSO Processing (\$8.900 million), Landfill Development (\$1.395 million), Recycling Upgrades For Multi-Units (\$1.000 million), Mandatory Diversion Enforcement (\$0.600 million), Reuse Centre (\$0.500 million), Dufferin Single Stream Recycling Facility (\$0.450 million) and Transfer Station Asset Management projects to address State of Good Repair (\$0.270 million).

The 2010 Recommended Capital Budget includes previously approved sub-projects with a 2010 cash flow of \$21.313 million and future year commitments of \$78.313 million in 2011 and \$7.200 million in 2012. The majority of this recommended funding is provided for Disco SSO Processing Facility (\$50.900 million) organics containers (\$20.870 million), Green Lane Landfill Development/Buffer Land Acquisition (\$18.626 million) and Reuse Centre (\$10 million). There are 13 previously approved sub-projects.

The recommended new cash flow funding for 2010 is \$40.700 million which will require commitment to future year funding of \$8.626 million in 2011, \$1.350 million in 2012, and \$0.900 million in 2013 to 2019 will include Diversion Facilities (\$30.050 million), ongoing maintenance of Perpetual Care of Landfills (\$8.025 million), continued Transfer Station Asset Management (\$5.974 million), Collection Yard Asset Management (\$5.700 million), Diversion Facilities Asset Management (\$0.800 million) and Development of Green Lane Landfill (\$1.027 million).

2010 Recommended Capital Budget Overview

Capital Budget by Project Category



Funding for *State of Good Repair* projects represents 24% of the 2010 Recommended Capital Budget. The 2010 requirement for new Asset Management capital work consists of projects for Transfer Stations and Collection Yards funded in the amounts of \$4.674 million and \$8.500 million respectively. These amounts include ISF cash flow funding of \$2.800 million for Collection Yards and \$1.160 million for Transfer Stations. The total federal subsidy for these projects is \$1.320 million

Legislated projects represent 30% of the 2010 Recommended Capital Budget for the on-going development and perpetual care of landfills at a cost of \$18.325 million. These projects are funded 7% or \$1.2 million through federal subsidy (ISF), 61% or \$11.1 million through Perpetual Care and Landfill Reserve Fund and 33% or \$6 million through recoverable debt. The ISF projects include landfill systems for Green Lane.

Service Improvement project funding represents 46% of the 2010 Recommended Capital Budget and is for Diversion facilities and equipment that support the 70% diversion target at a cost of \$28.730 million in 2010. The largest expenditures are for site remediation at the Dufferin Single Stream recycling Facility (\$2 million) and at the Disco SSO Processing Facility (\$18 million).

2010 Recommended Capital Budget Financing

Starting in 2009, the Solid Waste Management Services Capital program became fully supported by user fee revenue, reserve funds and potential third party funding. The City issues debt on behalf of Solid Waste Management Services and the associated debt charges are funded from user fees and so, each year, the Solid Waste Management Operating Budget will include funding for capital debt charges for Solid Waste Management capital projects.

Capacity and Readiness to Proceed

The 2010 Recommended Capital Budget is consistent with historical spending experience. The average yearly spending capacity for Solid Waste Management Services Capital is approximately \$79 million or 81% of planned expenditures. Including carry forward funding, the 2010 Recommended Capital Budget totals \$75 million. Average spending was 85% over the past 3 years. Actual spending in 2010 will depend on the readiness to proceed.

Specific projects scheduled for 2010 have been reviewed for their readiness to proceed and include Transfer Station and Collection Yard Asset Management, Diversion Facilities and development and perpetual care of landfills. Deferrals and delays are generally attributable to managing the procurement process, lengthy and complicated contract negotiation processes, lengthy design specification processes, availability of buffer land for acquisition, and the various approval processes. From a readiness standpoint, the time required to procure suitable sites, construct facilities, find markets for diverted material, and complete environmental assessments on those proposed sites have been reflected in the recommended cash flows for 2010.

The various major diversion facility projects included in the 2010 Recommended Capital Budget are ready to proceed. For example, the Program has concluded an RFQ for the Disco SSO Processing Facility with details on costs and work plans including \$18 million for remediation at the site that must take place in order to construct the SSO facility. These cash flows will be monitored in relation to current project milestones as this project nears awarding of tender.

Capital Project Highlights

The 2010 Recommended Capital Budget provides funding that will advance the Mayor's Mandate and Council's policy agenda.

Climate Change Adaptation, Clean Air and Sustainable Energy Action Plan: The 2010 Recommended Capital Budget provides funding of \$62.013 million to fund several initiatives that will directly contribute to advancing goals outlined in the Climate Change, Clean Air and Sustainable Energy Plan. The Recommended 2010 Budget provides funding to:

- Expand the Green Bin program to include more apartments & condominiums by the end of 2010 with in-unit organics containers (\$1.4 million);
- Start of installation of RFID/GPS systems on collection vehicles to measure multi-residential waste collection volumes (\$0.200 million).
- Start site preparation and construction of a composting plant that will increase capacity and provide and provide long term stability for the Green Bin Program with the Disco SSO Facilities (\$23.4 million);
- Start site preparation for more recycling plant capacity to ensure recycling activities are efficient and cost effective as diversion rates increase with the Dufferin Single Stream (Recycling) Facility (\$2 million);
- Start engineering studies for a mixed waste processing facility in order to more efficiently separate source material for organics, recyclables and waste (\$0.400 million);
- Ensure the state of good repair of Transfer Station and Collection Yards with preventative asset management (\$14.5 million; includes \$4 million of funding from ISF);

- Continue increasing capacity with new Cell Development and Buffer Land acquisition at Green Lane (\$10.3 million; includes \$4.7 million of funding from ISF);
- Purchase tractor trailers to ensure efficiency of Green lane Operations (\$1 million); and,
- Continue to ensure integrity of closed landfill sites by investing in Perpetual Care activities and systems (\$8 million).

PART III: ISSUES FOR DISCUSSION**2010-2019 Recommended Capital Plan Issues*****Long-term Capital Funding from Reserve Funds***

Approval of the 2010 Recommended Capital Budget for Solid Waste Management Services will result in significant future year commitment funding for previously approved and new projects totalling \$171.517 million, with \$62.013 million in 2010, \$86.939 million in 2011, \$8.550 million in 2012 and \$0.900 million in 2013. \$149.3 million or 87% of total committed funding is through recoverable debt.

Recoverable debt funding requires the repayment of annual debt charges. Payment of annual debt service costs is budgeted in the Operating Budget for Solid Waste Management Services and are funded by the volume based user fee system initiated in 2008 for Solid Waste Management Services. At the inception of the volume based user fee system, it was projected that, in order to maintain financial viability of diversion initiatives, user fees should have annual increases in the range of 3.5%. The 2009 user fee rate for waste management services did not increase over 2008 rates. For 2010, a 2% increase in user fees is recommended. This limits the availability of funding for the Capital Plan. The original intent of the Capital program to increase diversion was to provide full funding from the Waste Management Reserve Fund. Recent percent rate increases below 3.5% create funding pressure on the reserve fund which ultimately delays the point at which the Capital program will be self-sustaining. The current projections indicate the reserve fund will not fully fund the Capital Plan until 2020.

Capacity to Deliver Capital Diversion Initiatives - Achieving the 70% Diversion Target

The Solid Waste Management Services' future year budget trend is driven primarily by the City's objective to achieve the 70% diversion target so that on this basis the Program's Capital Plan has continued to be prepared. The 2010 to 2019 Recommended Capital Plan provides funding to continue major expansion of diversion activities during this timeframe including mainly:

- Expanding the Green Bin program to include apartments & condominiums
- Replacement of SSO containers.
- Establishing up to 3 large reusable goods drop-off centres to provide residents with one-stop location for re-usable goods.
- Providing single home residents with replacement SSO containers that will facilitate automated pick-up/collection.
- Building additional Source Separated Organics processing capacity that will increase capacity to allow for expansion, and provide long term stability for the Green Bin program.
- Building additional Single Stream Recycling capacity that will increase to allow for expansion, and provide long term stability for the Recycling program
- Building mixed waste processing facilities that will increase capacity to allow for expansion, and ensure the efficacy of diversion initiatives in attaining the 70% Diversion target.

Costs will peak in 2011/2012 when funding is currently projected to be sourced from potential third party sources, including Waste Diversion Ontario and recoverable debt. Two projects, the Dufferin Single Stream Recycling Facility and the Mixed Waste Facility are dependent on external sources of funding. The Dufferin facility, excluding site remediation, is planned to be 100% funded by Waste Diversion Ontario; the Mixed Waste Facility is planned to be 50% funded by other third party financing. However, these major facilities will not proceed unless funding is confirmed.

Financing Assumptions for Projects Funded by WDO & the Private Sector

To offset the City's contributions, it is estimated that 65% of the costs or \$126.5 million for two diversion facilities, with a 2010 to 2014 total cost of \$194.5 million, will be funded through external sources. The portion of the diversion projects maybe capitalized through either WDO or private financiers, and potential timing, is noted below:

Projects Funded by Other Sources	2010	2011	2012	2013	2014	TOTAL
Waste Diversion Facilities:						
1. Dufferin Single Stream Recycling Facility *	2,000	32,000	32,000	10,550	2,450	79,000
2. Mixed Waste Facility, Design, Engineer. & Constr.	400	29,100	57,100	28,900		115,500
Total	2,400	61,100	89,100	39,450	2,450	194,500
Third Party Financing		14,000	28,000	14,000		56,000
Waste Diversion Ontario Funding		25,450	32,000	10,550	2,450	70,450
Recoverable Debt	2,400	21,650	29,100	14,900	-	68,050

* excludes amounts carried forward from 2009

The first capital project is required in order to provide additional in-house single stream recyclable material processing capacity to help achieve 70% diversion. This project's financing is planned to come from WDO. The second project "Mixed Waste Facility, Design, Engineering & Construction" is required to ultimately achieve and maintain a final diversion rate of 70%.

Discussions thus far, indicate that all or part of the capital costs for the Mixed Waste Facility projects could be funded by the City of Toronto, vendor capitalization, or partnerships with the private sector, or other organizations. The 10-Year Capital Plan includes a notional 10.4% as funded by Other Revenue without confirmation of these partnerships. This revenue source is included in the 10-Year Recommended Capital Plan as an indication or placeholder for this significant diversion project. The General Manager of Solid Waste Management Services will report to the Public Works and Infrastructure Committee and Budget Committee once any partnership opportunities become viable.

The plan to reach 70% Diversion is very aggressive, given all the activities discussed above that are required to be completed. The 70% diversion rate for single family residential is projected to be reached by late 2010 but it will take significant investment to achieve this 70% diversion rate over-all. The investment in the diversion facilities as outlined in the 10-Year Capital Plan, particularly the Mixed Waste Facility, are designed to make the final movement toward this goal. Although the Capital Plan has been adjusted to account for time required to study, design and procure, Solid Waste Management Services staff may still face pressures operationally due to tight timelines assumed, and

the potential issues presented by site location, environmental assessments, and the various approval processes.

Green Lane Land Transfer Tax

On July 21, 2008, the Provincial Government notified the City of Toronto that the land transfer tax originally calculated for the purchase lands for the Green Lane Landfill was insufficient based on a new assessment of allocations for the lands, authorizations, contracts and goodwill as defined in the purchase agreement. As a result, the City has incurred the extra cost of \$3.661 million in order to remit the requested land transfer tax. This amount includes \$0.250 million to retain appropriate legal counsel in order to pursue an appeal of the charge. A separate report entitled "Notice of Assessment under the Land Transfer Tax Act related to the Green Lane Landfill" was before Budget Committee in October 2008. The report recommended that the expenditures be funded from the Waste Management Reserve Fund. Should the City be successful in its appeal of the assessment, the reserve fund will be replenished. Conversely, if the appeal fails, the Program would have to absorb all costs related to this expenditure within the reserve fund thereby reducing availability of capital funding to achieve 70% diversion. There are currently on-going legal expenses related to this claim with \$0.327 million incurred in 2009. The General Manager of Solid Waste Management Services will report to Budget Committee on the status of the appeal and on the likelihood of recouping the reserve funding.

Appendix 1

Project Summary of the 2010 Recommend Capital Budget and 2011-2019 Capital Plan

Project	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total 10-year Plan
Diversion Systems	4,530	17,470	6,550	350	350	350	350	350	350	350	31,000
Perpetual Care Of Landfills	8,025	8,632	9,267	9,969	10,637	10,466	10,466	10,466	10,467	10,467	98,862
Collection Yard Asset Management	8,500	600	100	100	100	100	100	100	100	100	9,900
Transfer Station Asset Management - 2010	6,728	8,638	6,446	5,371	3,040	2,355	1,105	1,105	2,125	1,105	38,018
Landfill Development	11,695	9,809	5,363	8,247	8,282	2,979	2,831	2,897	7,151	7,678	66,932
Reuse Centre - Future Sites	500	10,000	8,000	1,141							19,641
Re-use Centres				450	8,550						9,000
Dufferin Single Stream Recycling Facility	2,450	32,000	32,000	10,550	2,450						79,450
Dufferin SSO Facility			3,000								3,000
Disco SSO Facility	32,300	42,000	3,500								77,800
Mixed Waste Processing Facilities	400	29,100	57,100	28,900							115,500
Total Program (including carry forwards)	75,128	158,249	131,326	65,078	33,409	16,250	14,852	14,918	20,193	19,700	549,103

Appendix 2

**2010 Recommended Capital Budget; 2011 to 2019
Capital Plan**

Appendix 3

**2010 Recommended Cash Flow
And Future Year Commitments**

Appendix 4
2010 Recommended Capital Projects
With Financing Details

Appendix 5

Reserve / Reserve Fund Review

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Balance as of June 30, 2009	Proposed Cash Flows										2010-2019 Total
			2010 Rec Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	
XR1404 Waste Management Reserve Fund	Beginning Balance	29,884	23,051	33,233	32,934	36,781	29,141	18,078	8,390	2,614	1,341	4,854	29,884
	Contributions (Withdrawals) Oper.	(7,109)	13,500	5,442	3,126	(8,211)	(11,417)	(9,853)	(5,828)	(1,299)	3,418	8,389	(9,238)
	Funding for Green Lane LTT Legal	(327)											(327)
	Funding for Green Lane Cell Excavation		(2,197)	(5,298)									(7,495)
	Green Lane Development		(1,384)	(1,089)									
	Debt Repayment (n/a see Operating)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
	2009 Contribution Adjustment												
	Expected funding from WDO for HHW	420											420
	Total Proposed Contributions (Withdrawals)	(7,016)	9,919	(945)	3,126	(8,211)	(11,417)	(9,853)	(5,828)	(1,299)	3,418	8,389	(16,640)
XR1404 Waste Mgmt Reserve Fund BALANCE AT YEAR-END		22,868	32,969	32,289	36,060	28,570	17,724	8,226	2,562	1,315	4,759	13,244	13,244

Appendix 5

Reserve / Reserve Fund Review (cont'd)

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Balance as of June 30, 2009	Proposed Cash Flows										2010-2019 Total
			2010 Rec Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	
XR1013 Perpetual Care of Landfill Reserve Fund	Beginning Balance	34,646	28,218	24,269	20,107	15,421	10,144	4,310	(1,222)	(6,609)	(11,832)	(16,876)	34,646
	Contributions (Operating)	2,040	3,883	4,076	4,279	4,493	4,719	4,957	5,209	5,474	5,755	6,050	51,614
	Withdrawal (CAPITAL) Perpetual Care	(8,691)	(8,025)	(8,632)	(9,267)	(9,969)	(10,637)	(10,466)	(10,466)	(10,466)	(10,467)	(10,467)	(107,553)
	Total Proposed Contributions (Withdrawals)	(6,651)	(4,142)	(4,556)	(4,988)	(5,476)	(5,918)	(5,509)	(5,257)	(4,992)	(4,712)	(4,417)	(55,939)
XR1013 Perpetual Care of Landfill BALANCE AT YEAR-END		27,994	24,076	19,713	15,119	9,945	4,226	(1,198)	(6,479)	(11,600)	(16,545)	(21,293)	(21,293)

Appendix 6

2010 to 2019 New Facilities and Expansion Projects

(In \$Thousands)	2010 Rec. Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2010-2019 Total
New & Expanded Facility Projects											
DIVERSION FACILITIES	25,800	113,100	103,600	41,041	11,000						294,541
Dufferin Single Stream Recycling Facility	2,000	32,000	32,000	10,550	2,450						79,000
Dufferin SSO Processing Facilities			3,000								3,000
Dufferin Reuse Centre				450	8,550						9,000
Disco SSO Processing Facilities	23,400	42,000	3,500								68,900
Mixed Waste Processing Facility	400	29,100	57,100	28,900							115,500
Reuse Centre-Future Sites		10,000	8,000	1,141							19,141
ASSET MANAGEMENT (Transfer Stns, Collection Yds)	10,603	8,718	6,546	5,471	3,140	2,455	1,205	1,205	2,225	1,205	42,773
Ingram Yard	4,500	100	100	100	100	100	100	100	100	100	5,400
Ellesmmere Yard	1,000	500									1,500
Richmond Yard	200										200
Transfer Station Asset Management - 2010	4,903	8,118	6,446	5,371	3,040	2,355	1,105	1,105	2,125	1,105	35,673
LANDFILLS (Green Lane Cells, Buffer land)	5,541	7,887	4,099	6,557	6,591	2,348	2,348	2,348	6,133	6,495	50,347
Buffer Land Acquisition	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	15,000
Cell Excavation And Base Construction-2010			2,599	5,057	5,091	848	848	848	4,633	4,995	24,919
Landfill Development-2008	1,384	1,089									2,473
Landfill Development-2009	2,657	5,298									7,955
Total	41,944	129,705	114,245	53,069	20,731	4,803	3,553	3,553	8,358	7,700	387,661