

Analyst Briefing Notes

Budget Committee

November 3, 2009

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PART I: CAPITAL PROGRAM**Executive Summary**

- The 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan provides funding for the Waterfront Revitalization Initiative in support of the Mayor and Council's policy agenda to "***Build a Clean, Green and Beautiful Waterfront***". Priority actions focus on public investment in parks and public spaces, community facilities, brownfield remediation, and building sustainable communities.
- The following summarizes the allocation of the 10-Year Recommended Capital Plan of \$300.310 million by project:
 - *Precinct Implementation* projects represent \$72.204 million or 24.0% of the recommended cash flow funding in the 10-Year Recommended Capital Plan in support of the West Donlands and East Bayfront precinct developments.
 - *Transportation Initiatives* projects represent \$64.244 million or 21.4% of the cash flow funding allocated in the 10-Year Recommended Capital Plan that includes construction of the Fort York Pedestrian Bridge and the major components of the East Bayfront Light Rail Transit (LRT).
 - *Sports Fields, Facilities and Parks* projects account for \$54.596 million or 18.2% of the recommended cash flow in the 10-Year Recommended Capital Plan primarily for the Regional Sports Complex construction and Central Waterfront Public Realm initiatives.
 - The *Union Station* project accounts for \$51.114 million or 17.0% of the recommended cash flow funding in the 10-Year Recommended Capital Plan for the Union Station subway platform upgrade and construction.
- The 2009 Approved Capital Budget of \$71.072 million was 12.0% or \$8.511 million spent at September 30th, 2009. Actual expenditures by year-end are anticipated to be \$54.372 million or 76.5% of the 2009 Approved Capital Budget.
 - Projected year-end under spending of \$16.7 million is due to adjustments to the implementation schedule for the East Bayfront and West Don Lands Precincts, and the Central Waterfront Public Realm and the front-loading of certain initiatives in 2009 and 2010 by the federal government to fully maximize funding prior to the federal government's "sunset date" of March 31, 2011.
- The 10-Year Recommended Capital Plan totals \$300.310 million, including 2009 carry forward funding into 2010 of \$17.188 million, of which \$276.831 million is projected for the first 5 years, with the final 5 years totalling of \$23.479 million.
 - Funding sources over the 10 year period planning horizon include \$255.687 million from debt, \$25.155 million from development charges, \$16.829 million from the

Strategic Partnership Infrastructure Reserve Fund, \$0.359 million from Provincial and Federal grants for technical studies and \$2.280 million from cost recovery from Waterfront Toronto for the *Regional Sports Complex design and planning* project.

- Debenture financing for the Waterfront Revitalization Initiative reflects the City's Long Term Financing Strategy to restructure debt financing.
- Changes to the 2010-2018 Approved Capital Plan amount to \$4.201 million or 10% compared to the 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan. The changes are due to the realignment and timing of initiatives driven by Waterfront Toronto's review process and the front-loading of Federal government funding. Key changes over the nine year period include reallocations to the following projects: Precinct Implementation projects -\$7.727 million, Union Station -\$5.913 million; Sports Fields, Facilities and Parks \$9.074 million and Lake Ontario Park \$9.487 million.
- The Waterfront Revitalization Initiative does not have any projects funded by the federal government's Infrastructure Stimulus Funding (ISF) or the Recreational Infrastructure Canada (RIInC) programs.
- There are no state of good repair issues for the capital program over the 10-year planning horizon. However, it will be the responsibility of City Programs, Agencies, Boards, and Commissions to ensure assets are maintained in a state of good repair once the assets are constructed and transferred.
- According to the *Toronto Waterfront Revitalization Corporation Act (2002)*, the Waterfront Revitalization Initiative's Capital Program has to be negotiated and agreed to by the 3 orders of government and Waterfront Toronto on an annual basis. The current 5-Year Business Plan/ Ten-Year Forecast (2009-2018) was finalized on October 28, 2009 by Waterfront Toronto and the 3 orders of governments and is incorporated in the 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan.
- The City's overall contribution to the Waterfront Revitalization Initiative will remain at \$500.000 million.
- The 10-Year Recommended Capital Plan provides funding to advance the following priority actions outlined in the Mayor and Council's policy agenda:
 - The 2010-2019 Recommended Capital Plan provides funding of \$95.454 million for the priority action to create **"Better Transit Today"**. This includes funding for the Union Station Subway platform that will include construction of a second subway platform at Union Station to provide additional passenger capacity and improved safety, and to make the station more accessible and efficient (\$51.114 million). Other initiatives include developments in support of Rapid Transit through the East Bayfront and West Don Lands areas (\$44.340 million).
 - The Precinct Implementation Projects will help create a **"Stronger Economy"** with the development of underused waterfront areas and investments in infrastructure employment and community formation. The 10-Year

Recommended Capital Plan provides funding of \$72.204 million for The West Don Lands Precinct and East Bayfront Business and Implementation Plan projects.

- The 2010-2019 Recommended Capital Plan includes funding for two Environmental Assessment studies intended to improve the Gardiner Lakeshore Corridor from Jarvis Street to the Don Valley Parkway and the central area of the City (\$4.351 million), and construction of the Fort York Pedestrian Bridge (\$15 million).
- The 2010 Recommended Capital Budget, 2011-2019 Recommended Capital Plan, excluding funding carried forward from 2009 into 2010 of \$17.188 million, totals \$283.122 million, of which 100% is allocated to growth projects.
- Approval of the 2010 Recommended Capital Budget will result in a commitment to future year funding of \$77.335 million in 2011; \$55.545 million in 2012; \$28.401 million in 2013; \$17.335 million in 2014; \$4.803 million in 2015; \$4.803 million in 2016; \$4.802 million in 2017; \$4.870 million in 2018; and \$4.201 million in 2019.
- The 2010 Recommended Capital Budget of \$98.215 million provides funding to:
 - Continue with the building of new public spaces and parks along the waterfront, including Sherbourne Park and Jarvis Sugar Beach park in the East Bayfront, Don River Park in the West Don Lands, and Lake Ontario Park along the Outer Harbour.
 - Create vibrant waterfront neighbourhoods where people will want to live, work and play, with a mix of residential, recreational, institutional, commercial and research facilities that will constitute extraordinary new communities. Funding for the Regional Sports Complex is included with \$2.880 million for the planning, design and environmental work phase and \$8.668 million for the construction and delivery of the project on behalf of Waterfront Toronto.
 - Implementation of the Central Waterfront Public Realm with funding of \$10.702 million.
 - Complete transit, pedestrian and transportation priority initiatives that increase community access to the waterfront. These include funding of \$7.542 million for the Union Station subway platform upgrade, \$8.500 million for the construction of Fort York Pedestrian Bridge and \$1.000 million for Implementation of a new entrance into Exhibition Place, north of the Martin Goodman Trail improvements at Ontario Place.
 - Ensure that new waterfront development is sustainable by cleaning up polluted lands, reducing energy consumption, constructing green buildings, and improving air and water quality.

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. Council approve the 2010 Recommended Capital Budget for the Waterfront Revitalization with 2010 cash flow of \$98.215 million and future year commitments of \$202.095 million comprised of the following:
 - a) New Cash Flow Funding for:
 - i) 27 previously approved and change-in-scope sub-projects with a 2010 cash flow of \$81.027 million and a future year commitment of \$77.335 million in 2011; \$55.545 million in 2012; \$28.401 million in 2013; \$17.335 million in 2014; \$4.803 million in 2015; \$4.803 million in 2016; \$4.802 million in 2017; \$4.870 million in 2018; and, \$4.201 million in 2019;
 - b) 2009 approved cash flow for 3 previously approved sub-projects with carry forward funding from 2009 into 2010 totalling \$17.188 million;
2. Council approve new debt service costs of \$1.778 million in 2010 and incremental costs of \$9.220 million in 2011, \$8.571 million in 2012, \$5.710 million in 2013, \$3.089 million in 2013, \$1.940 million in 2015, \$0.624 million in 2016, \$0.624 million in 2017, \$0.626 million in 2018 and \$0.616 million in 2019 resulting from the approval of the 2010 Recommended Capital Budget, to be included in the 2010 and future year operating budgets;
3. Council approve the Five-Year Business Plan/ Ten-Year Forecast (2009-2018) for the Waterfront Revitalization Initiative and have the Waterfront Project Director formally communicate this approval to the Federal and Provincial governments; and,
4. Council approve the flow of up to \$1.000 million directly to Exhibition Place from the City's allocation for Martin Goodman Trail for the construction of a new driveway into Exhibition Place, north of the Martin Goodman Trail improvements at Ontario Place.

PART I: CAPITAL PROGRAM

2009 Capital Variance Review

2009 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2009 Approved	Actuals as of Sept. 30th (3rd Qtr Variance)		Projected Actuals at Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
71,072	8,511	12.0%	54,372	76.5%	16,700

The Waterfront Revitalization Initiative's capital expenditures for the period ended September 30, 2009 totalled \$8.574 million or 12.1 % of the 2009 Approved Capital Budget of \$71.072 million. The Waterfront Revitalization Initiative is projecting year-end spending of \$54.372 million or 76.5%. The Waterfront Revitalization Initiative does not have any 2009 capital projects categorized as *State of Good Repair* projects. *Growth related* projects represent 100% of the 2009 Approved Capital Budget.

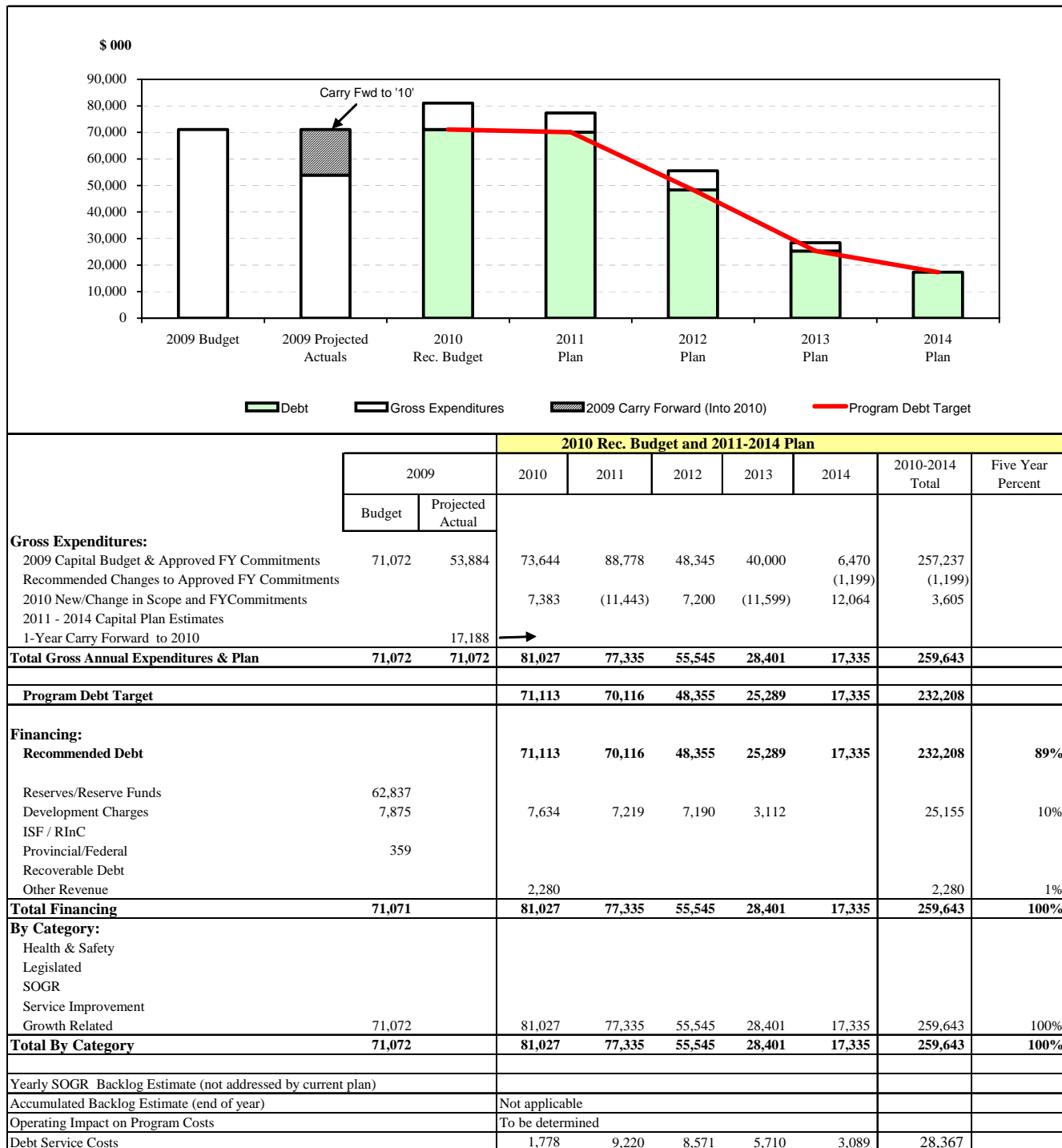
The projected year-end variance of \$16.7 million arises from adjustments to the implementation schedule for the East Bayfront and West Don Lands Precincts, and the Central Waterfront Public Realm and front-loading of initiatives in 2009 and 2010 to ensure that Federal Government funding is fully spent prior to the Federal Government sunset date of March 31, 2011.

Note that the 2009 funding carried forward into the 2010 Recommended Capital Budget amounts to \$17.188 million, representing an additional \$0.488 million, primarily from the Technical Studies sub-project with funding of \$0.359 million from the Federal and Provincial governments.

Waterfront Revitalization Initiative was not affected by the 2009 summer labour disruption.

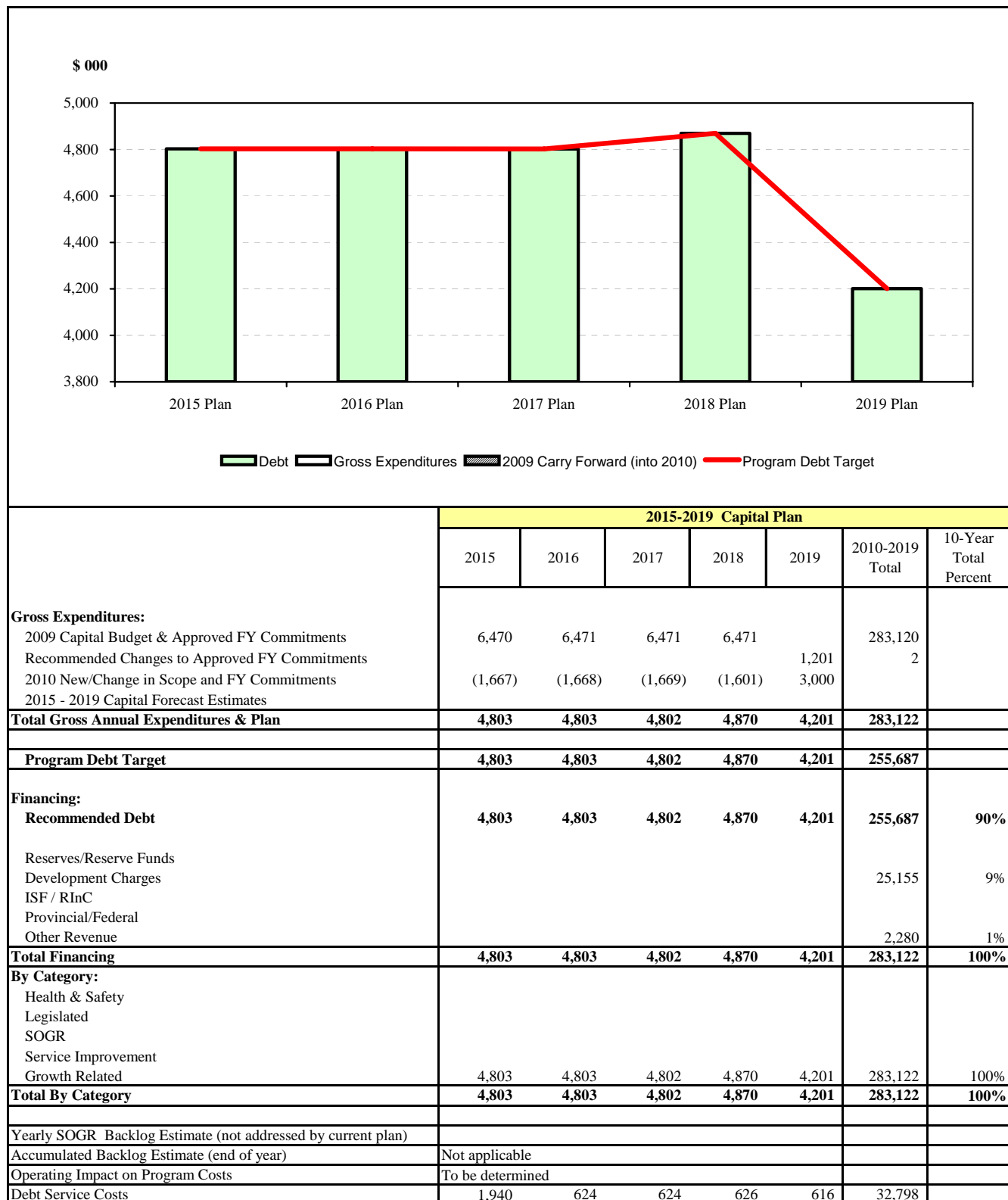
10-Year Capital Plan

2010 Recommended Capital Budget, 2011-2014 Recommended Capital Plan



10-Year Capital Plan

2015-2019 Recommended Capital Plan



10-Year Capital Plan Overview

- The 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan provides funding for Waterfront Revitalization Initiative to advance the Mayor and Council's policy agenda to "***Build a Clean, Green and Beautiful Waterfront***". Priority actions focus on public investment in parks and public spaces, community facilities, brownfield remediation, and building sustainable communities..
- The 10-Year Recommended Capital Plan for Waterfront Revitalization Initiative provides funding totalling \$283.122 million (excluding \$17.188 million of 2009 funding carried forward into 2010) for the following initiatives:
 - \$280.842 million in funding for the *Waterfront Revitalization Initiative* projects, which is consistent with the Five-Year Business Plan/Ten-Year Forecast (2009-2018) recently negotiated and agreed to by the three levels of governments; and
 - \$2.280 million for the *Regional Sports Complex planning and design* project. Waterfront Toronto is utilizing the City's expertise in the planning, design, environmental work and business planning processes. These costs are 100% funded by Waterfront Toronto.
- Waterfront Revitalization Initiative's 10-Year Recommended Capital Plan is primarily funded from debenture financing and Development Charges. \$255.687 or 90% of the \$283.122 million gross Budget is funded from debt, while \$25.155 million or 9% is funded from Development Charges. The balance of \$2.280 million or 1% will be recovered from Waterfront Toronto.
- *Growth Related projects* account for 100% of the Waterfront Revitalization Initiatives' recommended cash flow funding in the 10-Year Recommended Capital Plan. These include initiatives such as the Union Station subway platform upgrade, Fort York Pedestrian Bridge, Lake Ontario Park and the Regional Sports Complex projects.
- Waterfront Revitalization Initiative does not have any accumulated state of good repair backlog.
- In accordance with the *Toronto Waterfront Revitalization Corporation Act (2002)*, the Waterfront Revitalization Initiative's Capital Program has to be negotiated and agreed to by all the 3 orders of government on an annual basis. The current Five-Year Business Plan/ Ten-Year Forecast (2009-2018) was finalized on October 28, 2009. Approvals from the 3 orders of governments are pending. Waterfront Toronto is funded by a \$500 million investment by each of the 3 orders of government and re-investment of revenues from the sale or development of public lands, and other miscellaneous income.
- Waterfront Toronto undertook a cost estimation validation process during 2008 to determine current costs and cash flows for the projects that are presently under way and within its mandate. This process concluded that due to infrastructure cost increases, not all of the original Waterfront Toronto projects could be accommodated entirely within the funds available from government contributions, sale or development of public lands, and other miscellaneous income. This review necessitated the prioritization and re-phasing of initiatives in 2009 and beyond.

In addition, front-loading of federal government funded initiatives into 2009 and 2010 were required to ensure that funding is fully invested as the Federal Government requires spending on

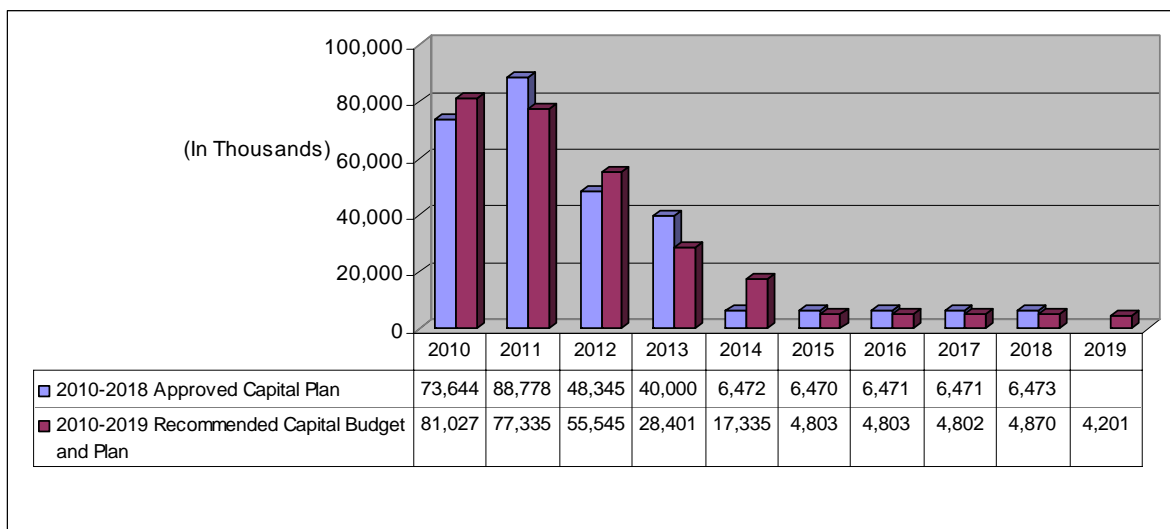
these initiatives to be completed by March 31, 2011. The 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan reflect these updated costs, cash flows, and priorities.

- The impact of the 2015 Pan American (PanAm) Games, if the City's bid is successful, has not been reflected in the 10-Year Recommended Capital Plan.

Key Changes to the 2010-2018 Approved Capital Plan

The following highlights the changes from the 2009-2018 Approved Capital Plan with the 2010-2019 Recommended Capital Budget and Plan. As outlined in the table below, the 2010 Recommended Capital Budget of \$81.027 million in cash flow represents an increase of 10% or \$7.383 million compared to 2010 Approved Capital Plan commitments of \$73.644 million in 2009. The changes are primarily due to the realignment of initiatives and the front-loading of Federal government funding in 2009 and 2010. Over the 9 year period to 2018, there is a \$4.201 million or 1.5% decrease over the prior approved Capital Plan. The Program is considered as 1 capital project, with the individual project initiatives accounted for as sub-projects.

Changes to the 2010-2018 Approved Capital Plan



The majority of the decrease to the 2010-2018 Approved Capital Plan arises from updating the capital program areas as outlined below:

- There has been a realignment of funding and timing of initiatives flowing from the front-loading of Federal government funding to spend by the sunset date of March 31, 2011. Initiatives impacted by the front-loading of federal government funds include the Regional Sports Complex within the Sportsfield, Facilities and Parks development sub-project with 2010 funding of \$8.688 million and Lake Ontario Park with 2010 funding of \$9.497 million.
- Major reallocations to subprojects within the 9 year period to 2018 are outlined in the Summary of Project Changes table.

Summary of Project Changes

Key Projects (\$000's)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2010 - 2018
Waterfront Toronto Corporate Costs	(3,358)									(3,358)
Union Station	87	0	(6,000)	3,658	(732)	(732)	(732)	(731)	(731)	(5,913)
Portlands Preparation	(2,295)	(1,500)								(3,795)
Port Union	(5,000)	739	248	305	465					(3,243)
Mimico	(1,529)	(589)	(1,760)							(3,878)
Precinct Implementation	21,126	(3,842)	(19,107)	(11,610)	16,156					2,723
Transportation Initiatives	(18,361)	(26,488)	23,377	13,745						(7,727)
Sports Fields, Facilities and Parks	7,270	19,501	10,442	(17,697)	(2,088)	(2,088)	(2,088)	(2,089)	(2,089)	9,074
Water's Edge Transit & Transportation					(3,502)	(502)	(503)	(503)	(503)	(5,513)
Financial Securities					1,655	1,655	1,655	1,654	1,654	8,273
Lake Ontario Park - Phase 1	9,487									9,487

Project Financing

Waterfront Revitalization Initiative's 10-Year Recommended Capital Plan is primarily funded from debt and Development Charges. \$255.687 million or 90% of the \$283.122 million 10-Year Recommended Capital Plan is funded from debt, with \$25.155 million or 9% funded from Development Charges. Other funding from Waterfront Toronto for the *Regional Sports Complex Design and Planning* project of \$2.280 million or 1% is also included.

Debenture financing for the Waterfront Revitalization Initiative reflects the City's Long Term Financing Strategy to restructure debt financing.

10-Year Recommended Capital Plan Versus Multi-Year Debt Targets

The 2010-2019 Recommended Capital Plan for the Waterfront Revitalization Initiative is at the affordability target of \$255.687 million over the ten years of the Recommended Capital Plan. The 2010-2019 Recommended Capital Plan is also in line with the annual debt targets in each year of the 10-Year Capital Plan period.

Development Charge Funded Projects

Development Charge funding of \$25.155 million recommended in the 10-Year Capital Plan maximizes draws against existing balances from reserves established under the previous DC by-law and is in line with forecasted DC recoveries under the current by-law. Development charge funded projects were re-evaluated to ensure funding was consistent with the new Development Charge By-law which became effective May 1, 2009.

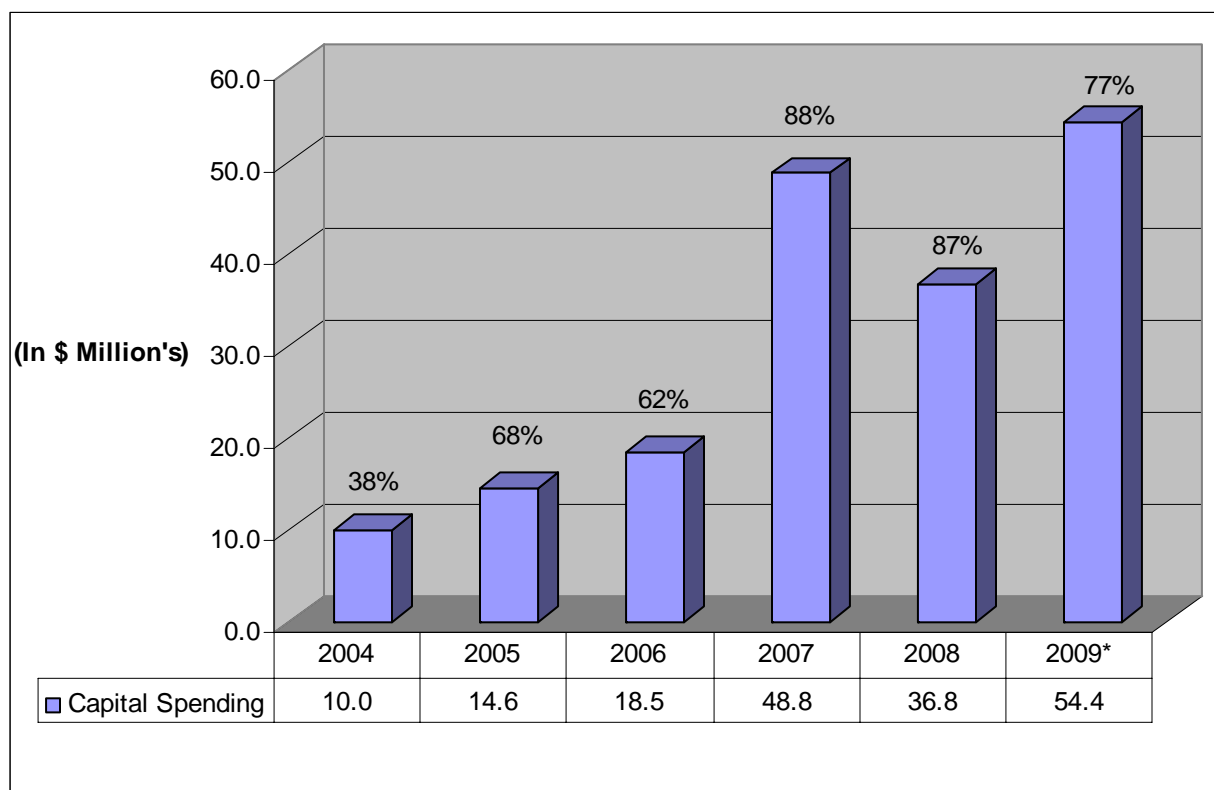
The 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan includes an allocation of development charge funding which is outlined in Appendix 5: 2010 Reserve and Reserve Fund Review.

The Waterfront Revitalization Initiative's Capital Budget and Plan does not include projects that are funded from either the Infrastructure Stimulus Fund (ISF) or from Recreational Infrastructure Canada (RInC) programs.

Program Capacity and Readiness to Proceed

Waterfront Revitalization Initiative's 2009 Approved Capital Budget of \$71.072 million was 12.0% or \$8.5110 million spent, as of September 30th, 2009. Actual expenditures by year-end are anticipated to be \$54.372 million or 76.5% of the 2009 Approved Capital Budget. The 2009 projected rate by year-end represents a decrease over the 2008 spending of 87%. The Program's historic spending capacity is outlined in the following graph.

Waterfront Revitalization Initiative Capital Budget Spending (2004-2009)



Notes: *2009 Year-End Capital Budget Spending Rate Projection as of September 30th, 2009.

The Waterfront Revitalization Initiative's capital spending is directly attributable to the progress and capacity undertaken by Waterfront Toronto in completing capital projects.

As noted earlier, Waterfront Toronto undertook a cost estimation validation exercise in 2008 to determine current costs and cash flows for projects that are presently underway and within its mandate. This review concluded that costs had increased substantially from original estimates such that not all of the original projects could be accommodated entirely within the funds available, such as government contributions and revenues from development of public lands. Waterfront Toronto, therefore, prioritized and re-phased its initiatives in order to deliver on its key projects. These are:

- The development of the West Don Lands and East Bayfront precincts including the introduction of transit and development of the Don River and Sherbourne Parks, and the Central Waterfront Public Realm.
- The development of a Regional Sports Complex in the Portlands.

- Completing projects that are already underway including Union Station Subway Platform upgrade, and parks and public spaces including those in Mimico and Port Union.

Waterfront Revitalization Initiative was not affected by the 2009 summer labour disruption.

State of Good Repair (SOGR) Backlog

The Program has no State of Good Repair (SOGR) backlog. Once completed, projects are transferred and will be maintained mostly by the City's Programs, Agencies, Boards, and Commissions responsible for service delivery, such as Parks, Forestry & Recreation.

Capital Projects Highlights

The 2010 Recommended Capital Budget and 2011-2019 Capital Plan aligns with the strategic directions of the Waterfront Revitalization Initiative's Five-Year Business Plan/Ten-Year Forecast (2009-2018) and advances the Mayor and Council's priority agenda:

- ***“Build a Clean, Green and Beautiful Waterfront”***. Priority actions focus on public investment in parks and public spaces, community facilities, brownfield remediation, and building sustainable communities.
- The 2010-2019 Recommended Capital Plan provides funding of \$51.114 million for the priority action to create **“Better Transit Today”**. This includes funding for the Union Station Subway platform that will include construction of a second subway platform at Union Station to provide additional passenger capacity and improved safety, and to make the station more accessible and efficient.
- The Precinct Implementation Projects with recommended funding of \$72.204 million will help create a **“Stronger Economy”** with the development of underused waterfront redevelopment areas, and will allow the City to make major investments in infrastructure.
 - The West Don Lands Precinct Plan was approved by Council at its meeting of May 17, 18 and 19, 2005. To date, the Don River Bridge Enlargement, the District Energy master plan for West Don Lands and construction of 70% of the flood protection landform have been completed. The development activities earmarked for the next 5 years include initial occupancy of the first market-priced and first affordable residential buildings, completion of the flood protection landform, Don River Park, River Square, major roads, water, sewer and storm water infrastructure for District 3 and installation of a district energy system.
 - The East Bayfront Business and Implementation Plan was approved by Council at its meeting of July 19, 20, 21 and 26, 2006. The East Bayfront Plan calls for a new community that is attractive to many different types of households with a wide range of incomes. Implementation is under way and the focus is on construction of Sherbourne Park and parts of the Water's Edge Promenade. Corus Quay will be completed in 2010 and the occupancy of the George Brown College Waterfront Campus is scheduled for 2011. The developer proposal calls for Parkside will be before Council for approval in November 2009 and Bayside in spring 2011.

- The 2010-2019 Recommended Capital Plan includes funding for two Environmental Assessment studies intended to improve the Gardiner Lakeshore Corridor from Jarvis Street to the Don Valley Parkway and the central area of the City (\$4.351 million), and construction of the Fort York Pedestrian Bridge (\$15 million).

Summary of Major Capital Initiatives

(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
Other Major Initiatives:											
Toronto Waterfront Revitalization Initiative											
Precinct Implementation	39,035	9,606	7,407		16,156						72,204
Transportation Initiatives	12,158	14,964	23,377	13,745							64,244
Sports Fields, Facilities and Parks	20,177	23,977	10,442								54,596
Union Station	7,542	20,943	8,971	13,658							51,114
Waterfront Toronto Corporate Costs	544	4,390	4,427			1,199	1,199	1,199	1,199	1,201	15,358
Water's Edge						3,000	3,000	3,000	3,000	3,000	15,000
Lake Ontario Park	9,487										9,487
Sub-total	88,943	73,880	54,624	27,403	16,156	4,199	4,199	4,199	4,199	4,201	282,003
Total	88,943	73,880	54,624	27,403	16,156	4,199	4,199	4,199	4,199	4,201	282,003

Precinct Implementation Projects - West Don Lands / East Bay Front Precincts

The 2010-2019 Recommended Capital Plan provides funding of \$72.204 million for the construction and completion of new facilities, infrastructure and public spaces in the for West Don Lands and East Bay Front Precincts.

- Waterfront Toronto has identified the following deliverables under the **West Donlands** Precinct Implementation Projects for the 2009/2010 fiscal year.
 - Substantial completion of Flood Protection Landform, 70%;
 - Continue infrastructure construction, site preparation and environmental remediation of Phase I (District 3 – Mill and River streets), Mill St – 50%, River St – 80%;
 - Registration of Phase I Plan of Subdivision;
 - Approval of Phase II (Districts 1 & 2) Plan of Subdivision;
 - Complete Risk Assessment/Risk Management Plan for Phase I (District 1 & 3);
 - Commence Risk Assessment/Risk Management Plan for Phase II (District 1 & 2);
 - Commence design of Eastern Avenue;
 - Tender and commence construction for Don River Park and River Square;
 - Complete design of Underpass Area and Block 18;
 - Commence design for Promenade and parks along Front Street;
 - Commence design of Stormwater Quality Facility;
 - Construction of Bala Pedestrian Underpass minor works; and
 - Complete design of Cherry St.
- The following development activities for **the East Bayfront Precinct** have been earmarked for the 2009/2010 fiscal year by Waterfront Toronto.

- Complete municipal servicing of Dockside;
- Commence construction of the public realm abutting Corus Quay;
- Complete the external hydro work;
- Complete demolition to allow development of Sherbourne Park North;
- Commence construction of Sherbourne Park North and South;
- Commence construction of Canada's Sugar Beach;
- Commence the design on Queens Quay Boulevard and Lower Sherbourne Street including the LRT;
- Finalize Parkside agreement of Purchase and Sale to be forwarded to Council for approval in November 2009; and
- Select the Bayside Developer.

- **Transportation Initiatives**

The 2010-2019 Recommended Capital Plan includes \$64.244 million in funding for the West Donlands LRT and the East Bayfront LRT transit lines, the Gardiner Environmental Assessments and Fort York Pedestrian Bridge.

- **Union Station Second Platform**

The 10-Year Recommended Capital plan provides \$51.114 million for the Union Station project. 2009/2010 Deliverables include completion of the detailed station design and the start of construction of the second platform.

- **Sports Fields, Recreation Facilities and Parks Development**

Sports Fields, Regional Sports Complex, Portlands Beautification-Martin Goodman Trail, and Central Waterfront Public Realm are priority projects that are funded in the 10-Year Recommended Capital Plan. The funding for these projects will facilitate activities including the design and construction of the Queens Quay Boulevard from HtO Park to York Street.

In addition, the City has been appointed as an "Eligible Recipient" by Waterfront Toronto to deliver and complete the Regional Sports Complex sub-project. The Regional Sports Complex will be the central component of a sports and recreation node to be developed south of Commissioners Street and west of the Don Roadway in the Port Lands. The node will be developed in phases, beginning with the Regional Sports Complex, which will act as a catalyst for future development. The 2010-2019 Recommended Capital Plan provides funding of \$54.596 million for these projects.

- **Water's Edge Reserve**

When considering the report "Streamlining Waterfront Revitalization in East Bayfront" at its July 2007 meeting, Council directed that \$15 million be held "in reserve" to cover any third party claims against TEDCO or the City associated with the transfer of certain lands in East Bayfront from TEDCO to the City. As a result, staff has ensured that the total unallocated funds remain at this \$15 million threshold. If the \$15 million is not needed for these claims, funding will be applied to the Water's Edge and Transit initiatives.

10-Year Capital 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)											
Approved Positions											
Debt Service Costs	1,778	9,220	8,571	5,710	3,089	1,940	624	624	626	616	32,798
Recommended 10-Year Capital Plan											
Program Costs (Net)											
Approved Positions											
Debt Service Costs											
Total											
Program Costs (Net)											
Approved Positions											
Debt Service Costs	1,778	9,220	8,571	5,710	3,089	1,940	624	624	626	616	32,798
<i>Debt Service cost of repayment of principal and interest is calculated according to corporate guidelines, in the following manner: 2.5% Year 1, and 13% for subsequent years.</i>											

In November 2007, the Deputy City Manager responsible for the Waterfront Revitalization Initiative and the Deputy City Manager and Chief Financial Officer were directed to report to Council every two years, commencing in 2009, with updated information and projections on the operating impact of waterfront renewal on all City Agencies, Boards, Commissions and Divisions.

The 2009 report has been delayed due to the summer labour disruption and is expected to be completed by the first quarter of 2010. Waterfront Secretariat is currently reviewing these with impacted City Programs. Updated Operating Budget impacts of new waterfront infrastructure on City Programs are therefore not included in the 10-Year Recommended Capital Plan.

Incremental debt service costs total \$1.778 million for 2010 and \$32.798 over the 10-Year Recommended Capital Plan.

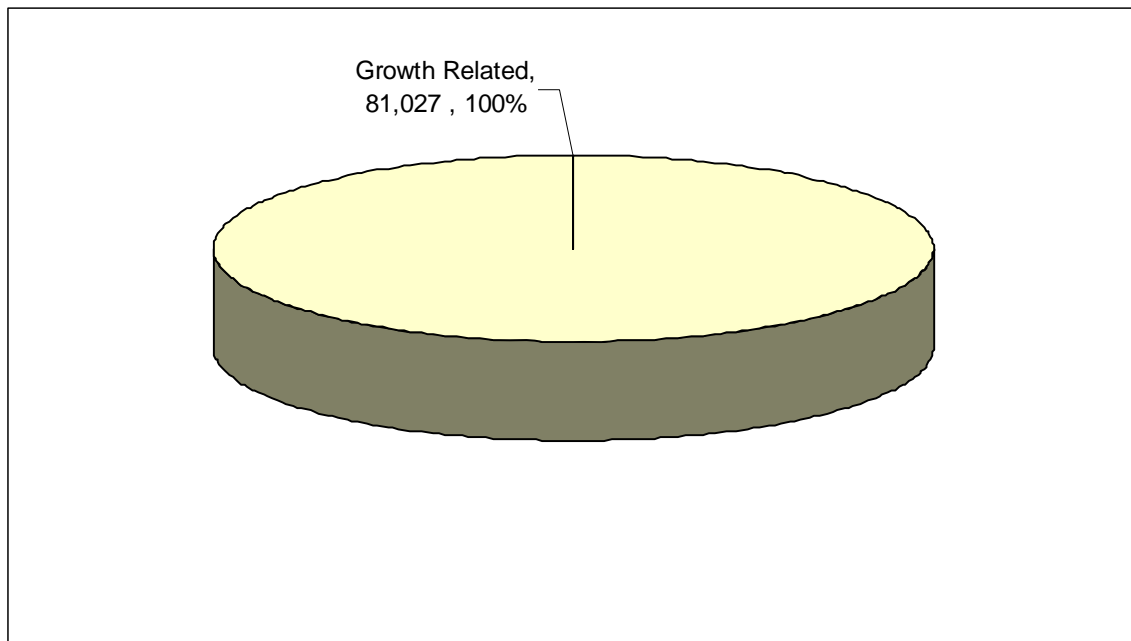
Total 2010 Recommended Cash Flow & Future Year Commitments

	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 2009 C/Fwd)	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total Cost
Expenditures																
Previously Approved		73,644		73,644	17,188	90,832	88,778	48,345	40,000	5,271	6,470	6,471	6,471	6,471	1,201	300,310
Change in Scope			7,383	7,383		7,383	(11,443)	7,200	(11,599)	12,064	(1,667)	(1,668)	(1,669)	(1,601)	3,000	0
New																
New w/Future Year																
Total Expenditure	0	73,644	7,383	81,027	17,188	98,215	77,335	55,545	28,401	17,335	4,803	4,803	4,802	4,870	4,201	300,310
Financing																
Debt		62,732	8,381	71,113		71,113	70,116	48,355	25,289	17,335	4,803	4,803	4,802	4,870	4,201	255,687
Reserves/Res Funds					16,829	16,829										16,829
Development Charges		8,632	(998)	7,634		7,634	7,219	7,190	3,112							25,155
ISF / RInC																
Provincial/Federal					359	359										359
Other		2,280		2,280		2,280										2,280
Total Financing	0	73,644	7,383	81,027	17,188	98,215	77,335	55,545	28,401	17,335	4,803	4,803	4,802	4,870	4,201	300,310

- The 2010 Recommended Capital Budget will require cash flow of \$98.215 million gross. This includes previously approved 2010 commitment funding of \$73.644 million, change in scope projects with funding of \$7.383 million and 2009 funding carried forward into 2010 of \$17.188 million.
- The 2010 Recommended Capital Budget is funded by \$71.113 million from debt, \$7.634 million from development charges; \$0.359 million in grants from the federal and provincial governments for technical studies, and \$2.280 million from cost recovery from Waterfront Toronto.
- The 2010 Recommended Capital Budget includes future year commitments of \$77.335 million in 2011; \$55.545 million in 2012; \$28.401 million in 2013; \$17.335 million in 2014; \$4.803 million in 2015; \$4.803 million in 2016; \$4.802 million in 2017; \$4.870 million in 2018; and \$4.201 million in 2019, which is consistent with the Five-Year Business Plan/Ten-Year Forecast (2009-2018) negotiated with the three orders of government.

2010 Recommended Capital Budget: Overview

Capital Budget by Project Category



Waterfront Revitalization Initiative's 2010 Recommended Capital Budget of \$81.027 million is comprised entirely of *Growth Related* projects. 2010 initiatives include:

Regional Sports Complex (\$8.688 million):

The Regional Sports Complex will be the central component of a sports and recreation node to be developed south of Commissioners Street and west of the Don Roadway in the Port Lands. The node will be developed in phases, beginning with the Regional Sports Complex, which will act as a catalyst for future development. Waterfront Toronto has developed a preliminary facility description, in conjunction with the City's Parks, Forestry and Recreation Division, the Toronto Office of Partnerships, and the Waterfront Secretariat, which includes multiple ice pads, an indoor multi-use field for lacrosse and/or soccer, basketball courts, an indoor track, meeting and ancillary spaces, restaurant and retail spaces, and parking.

Lake Ontario Park (\$9.487 million):

Lake Ontario Park is one of Waterfront Toronto's signature projects, and will be located along the Outer Harbour between Cherry Beach and Ashbridge's Bay, and includes Tommy Thompson Park.

A strategic plan completed in 2009 will drive objectives for 2010/11 that includes completing the design and construction of wave protection, the design and start of construction of landform and the installation of permanent washroom facilities at the park facilities.

2010 Recommended Capital Budget versus Debt Target

The 2010 Recommended Capital Budget requires new cash flow of \$81.027 million. The *Waterfront Revitalization Initiative* projects are funded entirely with \$71.113 million from debt and \$7.634 million from Development Charges. The *Regional Sports Complex design and planning* project of \$2.280 million is 100% funded by Waterfront Toronto.

The 2010 Recommended Capital Budget for the Waterfront Revitalization Initiative is at the 2010 debt affordability target of \$71.113 million.

Capacity and Readiness to Proceed

Waterfront Toronto completed a cost validation exercise and prioritization/ re-phasing of initiatives, as well as developing a Revenue Strategy, and signed a Memorandum of Understanding with the City in a bid to prioritize and further enable project implementation at the waterfront. It is therefore expected that these actions would further contribute to an increase in the Program's capital spending rate in 2010.

Capital Project Highlights

The 2010 Recommended Capital Budget provides funding of \$81.027 million for a broad range of projects that advance the Mayor and Council's priorities:

“Build a Clean, Green and Beautiful Waterfront”: The 2010 Recommended Capital Budget provides funding of \$57.210 million to increase green spaces and develop and improve waterfront infrastructure to encourage greater community access and pride for Toronto's waterfront. Specific initiatives are outlined below.

- **East Bayfront**: Commencement of construction of Lower Sherbourne street (re-alignment); completion of Sherbourne Park south and substantial completion of Sherbourne Park north; completion of Sugar Beach; completion of Dockside portion of the Water's Edge Promenade; negotiation of successful proponent from the Bayside RFP; and continuation of design of Queens Quay Boulevard. (\$39.035 million)
- **Lake Ontario Park**: Design and construction of wave protection, landform and permanent washroom facilities (\$9.487 million).
- **Regional Sports Complex**: Design and start of construction of a sports complex (\$8.688 million)

“Better Transit Today”: The 2010 Recommended Capital Budget provides priority funding of \$19.700 million to promote transit use as well as provide improvements for pedestrians and local traffic at the waterfront.

- **Union Station Second Subway Platform**: Continuation of construction of second platform and other improvements. (\$7.542 million)
- **Transportation Initiatives**: Design and construction to connect the Liberty Village area to Fort York; and continuation of design of the TTC portal and tunnel, LRT rails, and Union Station underground loop for the East Bayfront LRT. (\$12.158 million)

The 2010 Recommended Capital Budget of \$81.027 million provides funding to:

- Address the need to encourage community access to Waterfront public spaces, with the creation of parks, trails and beaches. These include improvements and new spaces at Lake Ontario Park, Don River Park, Sugar Beach, and the Martin Goodman Trail.
- Continue development and improvements to waterfront infrastructure to encourage its use as a destination and meeting place for Torontonians. Funding is included in the 2010 Recommended Capital Budget for the Regional Sports Complex with \$2.880 million for the planning, design and environmental work stage and \$8.668 million for construction and delivery of the Complex on behalf of Waterfront Toronto.
- Complete transit, pedestrian and transportation priority initiatives that increase community access to the waterfront. The 2010 Recommended Capital Budget provides funding of \$7.542 million for the Union Station subway platform upgrade, \$8.500 million for construction of the Fort York Pedestrian Bridge.

PART II: ISSUES FOR DISCUSSION**2010 Recommended Capital Budget Issues****Five-Year Business Plan/Ten-Year Forecast (2009-2018)**

The *Toronto Waterfront Revitalization Corporation Act, 2002* which came into effect on April 1, 2003 requires that Waterfront Toronto (formerly the Toronto Waterfront Revitalization Corporation) prepare annual rolling five-year business plans for approval by the Federal, Provincial and Municipal governments. The Plans are developed by Waterfront Toronto in partnership with the 3 orders of governments. The report outlines the deliverables, funding requirements, and cost-sharing arrangements over the next 10 year period for the Waterfront Revitalization Initiative Program.

Waterfront Revitalization Initiative's current Five-Year Business Plan/ Ten-Year Forecast (2009-2018) is reflected in the 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan, and is detailed in Appendix 7.

Council approval of the 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan will also provide Council approval of the Five-Year Business Plan/ Ten Year Forecast (2009-2018) and is included in the Recommendations section.

10-Year Capital Plan (2011-2019) Issues**Operating Budget Impacts Report**

The Operating Budget Impacts of New Waterfront Infrastructure report that was adopted by Council at its meeting of November 19 and 20, 2007 identified cumulative incremental operating impacts arising from the Waterfront Revitalization Initiative on all City Programs over the next 10 years to 2018 totalling \$142.839 million. Further, the Deputy City Manager responsible for the Waterfront Revitalization Initiative and the Deputy City Manager and Chief Financial Officer were directed to report to Council every two years, commencing in 2009, with updated information and projections on the operating impact of waterfront renewal on all City Agencies, Boards, Commissions (ABC's) and Divisions.

The completion of the 2009 report has been delayed, due primarily to the summer labour disruption. The Waterfront Secretariat is currently reviewing the operating budget impacts with City Programs and ABC's and is expecting to deliver the report to Executive Committee by the first quarter of 2010.

Updated Operating Budget impacts of new waterfront infrastructure on City Programs are therefore not included with the 10-Year Recommended Capital Plan.

Waterfront Toronto Funding Shortfall

Waterfront Toronto's total budget to implement its current Long-Term Plan to 2024 is \$2.265 billion. This amount is \$302 million higher than the available funding of \$1.964 billion which is made up of \$1.5 billion contributed by the 3 orders of government and \$463.9 million from other revenues such as interest, rental income and development of public lands.

Funding sources for the additional \$302 million are currently being explored by Waterfront Toronto and will be the subject of upcoming Waterfront Toronto Board and inter-governmental discussion.

In addition, Waterfront Toronto's \$1.5 billion government investment is projected to be fully spent by 2014. As well, cash flow deficits exist between 2009 and 2013 due to the timing of revenues from land sales, which are expected to start in 2013. To manage these cash flow requirements, Waterfront Toronto is exploring bridge financing options. Authority is required from the three orders of government, with pending approvals from the Federal and Provincial governments. This funding shortfall has no impact on current Program deliverables but may impact Waterfront Toronto's capacity and readiness to proceed in the future.

The Intergovernmental Steering Committee, made up of members of the 3 orders of government, has directed Waterfront Toronto to provide a strategy for dealing with these funding issues.

Appendix 1
10-Year Recommended Capital Plan Project Summary

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 (In \$Thousands)	Projected Balance as at Dec. 31, 2009	Proposed Withdrawals										2010 - 2019 Total
		2010 Rec. Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	
DCRF Roads - XR2024 , XR2110	4,166.3	5,280.0	4,440.0	4,160.0								13,880.0
DCRF Transit - XR2025 , XR2109	35,786.7	2,354.0	2,573.0	2,824.0	3,112.0							10,863.0
DCRF Childcare - XR2106 , XR2122	1,583.3		206.0	206.0								412.0
DCRF Studies - XR2030 , XR2120	1,931.4											0.0
												0.0
Total Reserve / Reserve Fund	43,467.7	7,634.0	7,219.0	7,190.0	3,112.0	0.0	0.0	0.0	0.0	0.0	0.0	25,155.0

Appendix 7
Waterfront Toronto Initiative
Five-Year Capital Plan / Ten-Year Forecast (2009-2018)