

BUREAU OF MUNICIPAL RESEARCH

Monthly



Letter

137 WELLINGTON STREET WEST, TORONTO

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Fellow Citizens,

CAPITAL BUDGET

In presenting Toronto's estimates for the current year to the Mayor and Members of the Board of Control, the Commissioner of Finance included the following statement in his commentary:

"I would strongly recommend that some action be taken to determine the order of priority in which actual construction of capital works should be proceeded with and would urge in addition that the present capital programme be not added to except for the most urgent requirements."

This statement was dated March 30th - the day on which the City Council met to review the 1948 estimates. It is by no means the first occasion on which the need for a long-term capital budget has been stressed. As you know, this has been emphasised in texts and by research agencies, and has been one of the persistent aims of your Bureau. But this time the recommendation is bringing results. The Board of Control has been meeting with the Commissioner and the first steps have been taken to bring about orderly financing of capital expenditures.

So far, the only priorities which have been finalized cover expenditures affecting the general tax rate where the work is already under way or has been completed. The priority, then, relates only to the issue of debentures through 1948-52 to pay for these works. For the remaining capital expenditures affecting the general rate, a tentative priority is now being developed. It may be expected to set the timing for the works projects themselves as well as to fix the sequence of issue dates. No action, however, has been taken to sort out the order in which authorised Board of Education works will be carried forward.

Here is a summary of debt charges (to meet interest and principal repayment) which must be paid from your taxes in the years ahead. It is divided into two parts. The first shows the existing debt load for the next ten years plus the annual charges on the new debenture debt to be floated according to the priority established by the Board of Control.

PART I

Estimated Debt Charges Affecting Taxation 1948-1958
(Thousands of Dollars)

	<u>Existing Debenture Debt Affecting</u>		<u>Debentures to be Issued* For Works Completed or in Progress</u>	<u>Total</u>
	<u>General Tax Rate</u>	<u>Board of Educ. Rate</u>	<u>Affecting General Tax Rate</u>	
1948	5,845	1,377	47	7,269
1949	5,736	1,344	701	7,781
1950v	5,292	1,280	1,332	7,904
1951	4,861	1,009	1,635	7,505
1952	4,660	834	1,635	7,129
1953	3,836	640	1,635	6,111
1954	3,268	559	1,560	5,387
1955	3,094	520	1,304	4,918
1956	2,981	482	1,304	4,767
1957	2,742	407	1,304	4,453
1958	2,253	406	1,304	3,963

* These have been priority rated for issue 1948-50

The payments, shown above, represent only part of the debt charges which you will have to meet. A further group of capital projects have been authorized by Council totalling more than \$22 million, of which \$3 million is for the Board of Education. Debentures running for from five to thirty years will be issued to finance these expenditures. The debt charges required to clear off these further commitments are set out below.

PART II

Annual Debt Charges Required for Authorized Capital Expenditures For which No Priority has been Established And Debentures have not been Issued
(Thousands of Dollars)

<u>Term</u>	<u>Annual Payment Affecting</u>		<u>Total</u>
	<u>General Tax Rate</u>	<u>Board of Educ. Rate</u>	
5 years	237		237
10 Years	630	9	639
20 years	591	198	789
30 years	206		206
	<u>1,664</u>	<u>207</u>	<u>1,871</u>

The total amount of additional debt charges which will be required to carry these newly authorised capital works, gives point to the Commissioner's warning. If all the new works are financed before 1950 we shall have added \$3,506 thousand to our debt charges due in that year, nearly half as much again as the 1948 figure. On the other hand the annual debt charges already scheduled (Part One) will drop sharply by 1953 and further in 1954. It can reasonably be assumed, therefore, that the Board of Control will delay debentures on some authorised projects until 1954.

The preparation of a capital budget, now under way, should be completed at the earliest opportunity and put before Council. It should give a complete yearly picture for ten years ahead, and once it is established, be maintained as a running ten-year forecast. From now on, no new capital project should be authorised without consideration of its effect on the capital budget.

CHAPLIN CRESCENT

The fact that a recommendation from the Planning Board is before the Works Committee of City Council does not mean that the people of Toronto should cease to concern themselves with the choice of a site for the T.T.C. subway car yards and repair shops. The Planning Board's proposal, based on the Segoe report, is only one of a number of planning recommendations which will be coming before Council as post-war undertakings are advanced. Factors entering into choice of the yard site will be repeated in further planning decisions which vitally effect the welfare of our city.

The Bureau has not made an engineering study of the subway yard sites and accepts resulting technical limitations. But the Bureau has studied the Segoe Report and obtained other relevant data.

Addressing the Committee on works, the Planning Board pointed out that the votes in North Toronto had given overwhelming approval to the Rapid Transit undertaking. This was contrasted with Oriole Park Neighbourhood Association delayed opposition to the Chaplin site. But surely the referendum was intended to record the ratepayers' opinion on the broad scheme which understandably had North Toronto's solid backing. And it is significant that the 1945 T.T.C. brochure, which was widely circulated, gave no indication of specific locations of new car yards. If North Toronto ratepayers were late in raising a protest, their eventual interest should be welcomed whether their viewpoint is thought valid or not.

Now some observation on the Segoe Report. The presentation of the report, as distinct from its recommendations, should have been much more detailed. This study which may involve lifetime commitments for most citizens gives short treatment and insufficient source data on a number of key points. For example, no supporting facts are given for the higher operating costs stated for the Cottingham and Esplanade sites. Again, seven sites are ruled out summarily before three sites are selected as feasible for more detailed study.

One point about the Chaplin site which should be clarified relates to the future of the Belt Line. It has been a long-standing hope of many Toronto residents that this spur line would eventually be removed. Such a proposal has been put forward by planning authorities. The Segoe report mentions the Belt Line and states that screening operation would, incidentally, abate the nuisance of the railroad operations in this residential area. It has since been stated that the use of railroad facilities is not to be integral to the T.T.C. shops there. This is because supplies can be brought by truck or T.T.C. work cars. However, as a part of the agreement, definite assurances should be obtained from the T.T.C. on this point.

A check has been made into certain factors in the proposed Esplanade site. Estimated costs here are given as \$3 1/3 million more than for the revised Chaplin plan. And there are other detrimental factors. But as the Segoe Report says, it was rejected "more decisively because of the refusal of the C.N.R. to agree to the removal of its tracks west of Church Street made the use of this site physically impracticable." The Planning Board acting for Mr. Segoe, had approached both railroads for their reaction to the projected removal of certain trackage in the area south of Esplanade Street and bounded by Jarvis and Yonge Streets. The replies of the two were markedly different. Although the C.P.R. wrote in a cooperative vein, their concurrence was " - contingent upon the new fruit terminal being re-located in the west end of the city and the handling of fruit in the present area being entirely discontinued." The C.N.R. on the other hand, has a large tonnage and revenue interest at stake in the present fruit terminal, which it owns; in addition, it is already short of trackage in that general area. It definitely has the more to lose. Obviously reluctant to give up its trackage, the C.N.R. in its reply, took as ammunition the 1924 viaduct agreement with the city, saying that until that agreement has been fully completed they are not prepared to consider the retirement of the Esplanade trackage.

What the Bureau wants to stress is that, whatever the background facts are, the C.N.R. was able to close the door by pulling in the 1924 viaduct agreement - something rather removed from the Rapid Transit plans now. Let us get rid of this 24-year-old scarecrow before it snags other negotiations. The Bureau strongly recommends that the City Council, the City Planning Board and the railroads meet soon to tidy up and complete the commitments made in 1924.

The selection of a yard site is not urgent if the T.T.C. is still hoping for a "timing" grant of 20 per cent from the Federal Government. This feature was outlined in the T.T.C. publicity in 1945 and based on the Dominion "Proposals" at the Dominion-Provincial Conference of that year. But Dominion-Provincial negotiations are proceeding only in piecemeal fashion and the twenty per cent grant is, therefore, very uncertain.

If the T.T.C. feels it is not wise to wait indefinitely for the grant, the public should be informed before financial commitments are made. For it will add to the cost of a heavy capital undertaking which the citizens, as owners, must actually underwrite.

Meanwhile, what is the fate of the present Chaplin Park. In 1946 the city budgeted \$6,804 for grading and sodding improvements but only \$2,674 was expended. In 1947 and again in 1948 nothing has been placed in the estimates for this area. The Oriole Park Neighbourhood Association has demonstrated a community interest, which, coupled with supporting evidence, would justify development of what is presently a rather barren park. This action is recommended regardless of the site finally selected or the time when the T.T.C. begins its subway, since in any event, it would be close to five years before these yards would be required by rapid transit needs.

In summary, the Bureau recommends: that consultant reports on major issues involving heavy financial commitments be available in a detailed and comprehensive form; that the 1924 viaduct agreement with the railroads be completed. The Bureau further recommends that the public be kept informed of all factors likely to influence the capital costs of the Rapid Transit plan; that improvement work be done on Chaplin Crescent Park; and that, even in a large scheme area problems (such as the fate of the Belt Line) should be carefully considered by the authorities.



Vice-President



Director