

**Consolidated Clause in Policy and Finance Committee Report 7, which was considered by City Council on September 25, 26 and 27, 2006.**

**76****Capital Variance for the  
Six Months ended June 30, 2006**

*City Council on September 25, 26 and 27, 2006, adopted this Clause without amendment.*

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**The Policy and Finance Committee recommends that City Council adopt the recommendation of the Budget Advisory Committee contained in the communication (September 15, 2006) from the Budget Advisory Committee:**

Recommendation:

The Budget Advisory Committee recommended to the Policy and Finance Committee that City Council adopt staff Recommendations (1), (2), (3) and (5) in the Recommendations Section of the report (September 8, 2006) from the Deputy City Manager and Chief Financial Officer.

Action taken by the Committee:

The Budget Advisory Committee requested the Deputy City Manager and Chief Financial Officer to verify the entries put forward by Toronto Water and report to Council on September 25, 2006, if there are any further adjustments.

Background:

The Budget Advisory Committee on September 15, 2006, considered a report (September 8, 2006) from the Deputy City Manager and Chief Financial Officer, forwarding the City of Toronto Capital Variance Report for the six month period ended June 30, 2006, and projecting actual expenditures for the year ending December 31, 2006.

Recommendations:

It is recommended that:

- (1) 2006 debt financed cash flow of \$0.281 million for the Bloor/Gladstone District Library be deferred to 2008 and concomitantly, spending on the Dufferin/St Clair renovation project be advanced;
- (2) 2006 cash flow of \$1.500 million for the purchase of land for the Yonge/North of Finch Project funded from the Toronto Parking Authority reserve account be deferred to 2007 due to unavailability of appropriate site;

- (3) the technical and in-year adjustments to the 2006 Capital Budget with a net reduction of \$2.800 million gross and \$1.107 debt as detailed in Appendix 2 of this report, be approved;
- (4) the Capital Variance Report for the six-month period ended June 30, 2006, be forwarded to the Policy and Finance Committee for its consideration; and
- (5) appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

(Report dated September 8, 2006, addressed to the Budget Advisory Committee from the Deputy City Manager and Chief Financial Officer)

Purpose:

The purpose of this report is to provide the City of Toronto Capital Variance Report for the six months period ended June 30, 2006, and projected actual expenditures for the year ending December 31, 2006.

<b>Table 1</b> <b>Corporate Capital Variance Summary</b> <b>for the Six Month Period Ended June 30, 2006</b> <b>(\$000s)</b>					
	2006 Approved Budget	2006 Actuals & Commitments	% Spent	Projected Actual to Y/E	Projected % Spent
<b>Tax Supported Programs:</b>					
Citizen Centred Services - "A"	174,432	65,977	37.8%	146,570	84.0%
Citizen Centred Services - "B"	440,038	102,922	23.4%	403,976	91.8%
Internal Services	164,773	52,960	32.1%	141,253	85.7%
Other City Programs	35,741	11,981	33.5%	27,889	78.0%
Agencies, Boards & Commissions	697,956	209,581	30.0%	683,530	97.9%
<b>Total - Tax Supported</b>	<b>1,512,939</b>	<b>443,421</b>	<b>29.3%</b>	1,403,218	92.7%
<b>Rate Supported Programs:</b>					
Toronto Parking Authority	39,709	4,963	12.5%	10,902	27.5%
Toronto Water	394,468	210,722	53.4%	316,716	80.3%
<b>Total Rate Supported</b>	<b>434,177</b>	<b>215,685</b>	<b>49.7%</b>	<b>327,618</b>	<b>75.5%</b>
<b>Total</b>	<b>1,947,116</b>	<b>659,106</b>	<b>33.9%</b>	<b>1,730,836</b>	<b>88.9%</b>

Financial Implications and Impact Statement:

At its meeting of December 8 - 12, 2005 Council approved the 2006 Capital Budget with a total cash flow of \$1.839 billion (including 2005 carry-forward funding of \$237.382 million) for Tax and Rate Supported Programs. In-year approvals of \$108.0 million increased the 2006 cash flow to \$1.947 billion.

As summarized in Table 1 above, Tax Supported Programs' actual expenditures for the six-month period ended June 30, 2006 totalled \$443.4 million or 29.3 percent of the 2006

Approved Capital Budget of \$1.513 billion (see Appendix 1). Spending projection to year-end is estimated at \$1.731 billion or approximately 88.9 percent of the 2006 Council Approved Capital Budget. This is consistent with the goal of achieving a high (in excess of 85 percent) spending target, notwithstanding that capital spending performance is contingent on a multiplicity of factors, some of which are not entirely within the control of the City. For instance, in accordance with approved financial policies, proceeding with work on cost-shared capital projects is dependent on obtaining funding guarantees for their share of the cost from the contributing partners. However, in several cases, these guarantees were not received as planned. Furthermore, progress on some projects have been delayed because of unanticipated legal challenges; discovery of contaminants on project sites; unforeseen delays in finding suitable locations; obtaining site zoning and permits; longer than scheduled delivery of equipment; and extensive OMB hearings.

City Operations capital expenditures to June 30, 2006 totalled \$443.421 million or 29.3 percent of the 2006 Council Approved Budget. This spending pattern is in accordance with capital project spending schedules and is consistent with prior years. By year-end, capital spending will increase to \$1.403 billion or 92.7 percent of 2006 Capital Budget.

Rate-Supported Programs spent \$215.685 million or 49.7 percent of the 2006 Approved Capital Budget of \$434.177 million (inclusive of 2005 Carry forward). Toronto Parking Authority's Capital Budget was 12.5 percent spent due to unavailability of appropriate sites, longer than planned negotiations for identified sites, cancellation of some projects because of a low probability of finding an appropriate site and, time lags in joint venture arrangements. The Toronto Water 2006 Approved Capital Budget of \$394.468 million was 53.4 percent or \$210.722 million spent as of June 30, 2006. Actual expenditures by year-end are anticipated to be \$316.716 million or 80.3 percent of the 2006 Approved Budget.

#### Recommendations:

It is recommended that:

- (1) 2006 debt financed cash flow of \$0.281 million for the Bloor /Gladstone District Library be deferred to 2008 and concomitantly, spending on the Dufferin / St Clair renovation project be advanced;
- (2) 2006 cash flow of \$1.500 million for the purchase of land for the Yonge/North of Finch Project funded from the Toronto Parking Authority reserve account be deferred to 2007 due to unavailability of appropriate site;
- (3) the technical and in-year adjustments to the 2006 Capital Budget with a net reduction of \$2.800 million gross and \$1.107 debt as detailed in Appendix 2 of this report, be approved;
- (4) the Capital Variance Report for the six month period ended June 30, 2006, be forwarded to the Policy and Finance Committee for its consideration; and
- (5) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Comments:

At its meeting of December 12, 2005, Council approved a 2006 Capital Budget of \$394.5 million for Toronto Water. At its meeting of December 8 to 12, 2005, Council approved a 2006 Tax-Supported Capital Budget of \$1.250 billion for the City of Toronto, and a 2006 Rate-Supported Capital Budget of \$33.8 million for the Toronto Parking Authority. After adjusting for 2005 capital expenditures and associated funding carried-forward to 2006 and other technical adjustments, the total 2006 Approved Capital Budget was increased to \$1.947 billion.

Citizen Centred Services “A”:

Actual capital expenditures for this Cluster for the six months ended June 30, 2006 totalled \$65.977 million or 37.8 percent of the 2006 Approved Capital Budget of \$174.431 million. In general, year-to-date under-spending primarily resulted from Programs having limited opportunity to advance capital project activity during the first few months of 2006. Capital activities tend to be concentrated in the latter half of the year.

Children's Services spent \$1.478 million or 9.7 percent of its 2006 approved cash flow of \$15.270 million. Children's Services projects spending of \$8.431 million or 55.2 percent of its approved cash flow by year-end. The projected under-expenditure is attributed primarily to the Thorncliffe Park Child Care Centre. Construction of this child care centre has been delayed to the first quarter of 2007 as the site has only recently been identified and approved. The deferral of the Province's share of Health and Safety projects in the funding amount of \$4.0 million also contributed to the under-spending.

Court Services - Court Services spend \$0.389 million or 15.0 percent of its \$2.6 million cash flow. The Program projects expenditures of \$1.540 million or 59.2 percent by year-end. Under-spending is mainly due to the POA Application Development project which experienced delays in finalizing the RFP process for the purchase and installation of Digital Audio Recording Equipment. 20 percent of the work is projected to be completed by year-end. The completion date for this project is revised to March 2007. The repair and renovation work, at Courthouse Facilities South and East, with an approved cash flow of \$1.6 million, is underway. An estimated \$0.62 million of the approved funding will be carried forward to complete this project by March 2007.

Culture spent \$5.357 million or 49.6 percent of its approved cash flow of \$10.792 million, and is projecting to spend \$7.549 million or 70.0 percent by year-end. Year to date under-spending is mainly attributed to delays in finalizing two lease agreements (the Guild Revitalization (\$0.635 million) and the John Street Roundhouse projects (\$0.300 million)), and delays in scheduling the St. Lawrence Centre for the Arts Renewal project (\$0.630 million) around theatre operations. In addition Council approved the reallocation of \$0.700 million from the Guild Revitalization 2006 project to the Don Valley Brickworks project.

Economic Development spent \$2.698 million or 42.7 percent of its approved cash flow of \$6.316 million. All projects are on schedule, and the Program is projecting to spend 100 percent of its approved cash flow by year-end.

Emergency Medical Services spent \$1.420 million or 17.6 percent of its approved cash flow of \$8.084 million. The Program projects spending of \$6.492 million or 80.3 percent of its approved cash flow by year-end. The under spending is primarily due to two projects: Engineering Technology project (62.4 percent) resulting from a change in vendor; and Mobile Data Communications project (45.4 percent) resulting from changes to the control system redesign reducing the requirement for certain features of the system.

Homes for the Aged spent \$3.380 million or 46.9 percent of its approved cash flow of \$7.200 million. The Program projects that it will spend 100 percent of its approved cash flow by year-end.

Parks, Forestry and Recreation spent \$42.675 million or 40.2 percent of its 2006 approved cash flow of \$106.172 million during the six month period ended June 30, 2006, and projects spending of \$97.828 million or 92.1 percent by year-end. Parks is expecting every project to be at least 91 percent spent except for the Trails and Pathways project (87.8 percent), and Community Centres project (75.2 percent). The Community Centres project will be under-spent due to third party funding delays.

Shelter, Support and Housing Administration has spent \$8.572 million or 48.5 percent of the 2006 approved cash flow of \$17.660 million. It is projected that expenditures will approximate \$10.878 million or 61.6 percent of the approved cash flow by year-end. Under-spending is mainly due to the following projects:

- 717 Broadview Avenue project (\$1.990 million) is being reviewed, pending the 2005 Council directive to identify the most appropriate use for the building, including consideration for Affordable Housing.
- Bethlehem United Shelter project with an approved cash flow of \$2.340 million will have spent only \$0.250 million by year-end. Delays in finalizing the project drawings and site plan application will mean that construction is expected to commence in the 4th quarter of 2006.
- Expenditures for the Shelter Management Information System (\$1.927 million) will be 47 percent or \$0.914 million spent by year-end. The contract with the vendor was terminated in February 2006 resulting in a delay in the development of the system.
- The two capital maintenance projects (\$1.069 million) are projected to have expenditures of \$0.600 million by year-end, primarily due to delays in finalizing RFPs for three roof replacements/repairs and bathroom design/repairs. The production of engineering specifications slowed the RFP process.
- The HVAC system upgrade project with approved cash flow of \$0.4 million will be \$0.05 million spent by year-end, as the project is delayed pending air quality/airflow regulation review.

Tourism spent \$0.008 million or 2.2 percent of its approved cash flow of \$0.338 million during the six-month period ended June 30, 2006. Council approval of the location of the Canadian Walk of Fame is anticipated in September and expenditures are projected to reach 100 percent completion by year-end.

### Citizen Centred Services “B”:

Actual capital expenditures for this Cluster during the six months ended June 30, 2006, totalled \$102.922 million or 23.4 percent of the 2006 Approved Capital Budget of \$440.038 million. Below are explanations of variances by Program:

Policy, Planning, Finance and Administration (formerly Cross Divisional Projects and Business Support Services) capital expenditures for the six months ended June 30, 2006 totaled \$2.459 million or 34.4 percent of the 2006 approved cash flow of \$7.141 million. The Program projects spending of 80.4 percent of the 2006 Approved Capital Budget and the under spending relates to the following projects:

- The Toronto Infrastructure Data Standards project has been delayed due to a revision to Toronto Water’s capital work plan.
- W.E.S. I.T. Disaster Recovery Plan – The issuance of an RFP for external consultants has been delayed until August 2006. Therefore, \$0.067 million is expected to be carried forward to 2007.
- The Document Management System initiative has been delayed due to changes in Corporate IT’s schedule for hiring consultants.

City Planning spent \$3.152 million or 33.7 percent of its approved cash flow of \$9.344 million during the six months ended June 30, 2006, and projects spending of \$6.544 million or 70 percent of its approved cash flow by year-end. The unfavorable variance is due to delays in OMB hearing dates, challenges in hiring staff for the Union Station Design Study.

Emergency Management Plan - The 2006 Approved Capital Budget of \$0.570 million was 65.7 percent or \$0.375 million spent as of June 30, 2006. The Program anticipates that it will be 100 percent spent by year end. Future capital funding, if any, will be budgeted directly within the appropriate program area.

Fire Services’ capital expenditures for the period ended June 30, 2006, totalled \$11.566 million or 82.1 percent of the 2006 approved cash flow of \$14.091 million. This approved cash flow includes additional carry forward amounts from 2005 identified during the recent Five-Year Capital plan review. Fire Services is presently forecasting all projects to be 79.8 percent complete at year-end.

- The Computer Aided Dispatch/Record Management System (CAD/RMS), represents 18.6 percent of the 2006 Approved Capital Budget and 15.7 percent of cumulative spending to the end of the second quarter. The final phase of the implementation of the records management component of the CAD system has been pushed to 2007 where the majority of the funds are for contract payments to the system development company upon completion of acceptance testing. Also, included is funding for the purchase and installation of mobile workstations in all heavy fire vehicles which is scheduled for completion in 2006.
- Asset Management projects represent 22 percent of the 2006 Approved Capital Budget and 20 percent of cumulative spending to the second quarter. Asset Management projects

for 2006 were 72 percent complete as of June 30, 2006, which is a marked improvement over the 2005 spending rate of 41 percent.

- HUSAR projects represent 35 percent of the 2006 Approved Capital Budget and 13 percent of cumulative spending to the second quarter. HUSAR projects, which include the HUSAR Facility scheduled for completion in 2006, were 70 percent spent as of June 30, 2006. The HUSAR/JEPP 05/06 Project which includes equipment and supplies was 55 percent spent by the second quarter representing \$1.040 million spent out of a budget of \$1.909 million. Any further spending will need to be deferred to 2007 in order to have the unspent funds re-approved for cost-sharing by the Federal JEPP program. Due to the Federal fiscal year cut-off of March 31, 2006, there was insufficient time to spend total cost-shared funding.

Solid Waste Management Services spent \$4.740 million or 17.7 percent of its 2006 Approved Capital Budget of \$26.811 million. The under-spending is mainly attributed to the following projects:

- Diversion Facilities - A large portion of the under-spending is attributable to the Additional Source Separated Organic (SSO) Processing Capacity Project (\$2.250 million). This project will be delayed pending Council approval of a final SSO preferred option and will be deferred to 2007. Funding of \$1.350 million for the Reuse Centre project will be carried forward to 2007 due to delays in getting approval for the Ingram site. The start-up of the Mechanical - Biological Treatment Facility Project (\$1.0 million) is delayed as it will take longer than expected to develop an end market for the compost-like product. Under-spending of the Modifications at Commissioners Street project (\$1.127 million) is attributed to the lengthy approval process for the retrofit of the Materials Recovery Facility. The Dufferin Container Line Upgrade project (\$0.850 million) will be delayed because of continued negotiations with Stewardship Ontario to assist with its funding.
- Transfer Station Asset Management - A large portion of the under-spending is attributed to the new staff facilities at Dufferin Transfer Station project (\$0.900 million). This project will be delayed due to delays in the design process and will be deferred to 2007. Postponement of repairs to tipping floor at the Commissioners Street Transfer Station (\$0.350 million) as a result of legal proceedings related to the original design of the floor is another factor that has contributed to under-spending. The Weigh-scale System project (\$0.362 million) will be delayed due to contract negotiations with the service and software provider. The purchase and installation of a perimeter fence at Bermondsey Transfer Station of \$0.270 million will be delayed and funding will be carried forward to 2007 as work is currently underway to determine the requirements of the Customs-Trade Partnership Against Terrorism Agreement.
- Perpetual Care Landfill - Under-spending in this project results from the postponement of investigative and construction work at various old landfills, including the Keele Valley Landfill. The timelines for the projects within the overall work plan has been extended. Unanticipated technical complications experienced in conducting investigative work, will delay obtaining approvals and undertaking planned construction work. The major under-spent projects are: Old Landfill Remediation - Scarborough (\$0.654 million), Old

Landfill Survey - Scarborough (\$0.371 million), and Remedial Measures (\$0.054 million).

Transportation Services' capital expenditures for the period ended June 30, 2006, totalled \$71.713 million or 20.4 percent of the 2006 approved cash flow of \$352.161 million. This approved cash flow includes additional carry forward funding approved by Council in the Final 2005 Variance Report and estimated to be \$75.529 million. As capital work is typically concentrated in the period April to November in any given year, Transportation Services is presently forecasting a total Program spending of 94.8 percent by year-end. All projects, except for the following, are presently forecasted to be complete by year-end:

- The Morningside/Finch Rail Grade Separation project, which is projected to be 31 percent spent at year-end or \$2.5 million out of a total \$8.0 million planned for 2006, has been delayed due to ongoing discussions with CN, delays in property acquisitions/easements and late delivery of structural steel. \$0.829 million was committed by the end of the second quarter.
- St. Clair Dedicated Right-of-Way – which is projected to be 60 percent spent at year-end or \$19.0 million out of a budget of \$31.950 million for Phase 2 of the project. This is a multi-year project which is projecting a 30 percent year-end completion rate on a total project cost of \$65 million for Transportation Services (fully recoverable from the TTC). As of the second quarter, no expenditures have occurred since the project was pending the outcome of the judicial review instituted as the result of legal challenges to the project. The first tenders have been awarded and expenditures will increase towards year-end.

Waterfront Revitalization Initiative spent \$8.918 million or 29.8 percent of its 2006 Approved Cash Flow of \$29.918 million during the first six months of 2006. The 2006 Capital Budget and the total project costs are consistent with the revised 2006 Capital Budget for the Waterfront Revitalization Initiative approved by Council in June, 2006, and the Five-Year Business Plan/Ten-Year Forecast (2006 to 2015) approved in principle by Council in July, 2006.

The overall year-to-date under-expenditure of \$21.0 million stems from the fact that the City has not yet released funding for certain projects pending completion of the corresponding Contribution Agreements. It is expected that the revised 2006 Capital Budget will be fully spent by the end of the year.

#### Internal Services:

Internal Services' Programs spent \$52.960 million or 32.1 percent of their 2006 Approved Capital Budget of \$164.773 million. The capital spending projection to year-end is \$141.253 million or 85.7 percent.

Facilities and Real Estate - Facilities and Real Estate spent \$13.735 million or 32.2 percent of its \$42.703 million cash flow by June 30, 2006. The spending rate is consistent with the project schedule for construction. Typically, the majority of cash flow funding is spent in the third and fourth quarters, after construction is tendered and awarded. The Program projects spending of 95.9 percent of its approved cash flow by year-end.



Financial Services spent approximately \$1.071 million of its 2006 approved cash flow budget of \$6.568 million and anticipate spending of \$3.591 million or 54.7 percent by year-end. Under spending is mainly due to the breakdown in negotiations with the selected vendor regarding the Accounts Payable, Document Management and Imaging Initiatives (\$1.4 million) and the Workflow and Document Management Project for the Revenue Services Division (\$0.7 million). The need to negotiate with the new vendor has resulted in the delay of these projects.

In addition, a delay in finalizing wage harmonization for part-time employees has resulted in a delay in the Collective Agreement Implementation Project (\$0.400 million).

Fleet Services' capital spending for the six month period ended June 30, 2006 totalled \$26.735 million or 33.0 percent of its 2006 approved cash flow of \$80.916 million. The major portion of the 2006 approved cash flow is expected to be spent in the next six months of the year, as staff prepare the tenders and specifications in the first half of the year. Fleet Services is forecasting a spending rate of \$71.648 million or 88.5 percent by year-end.

Technology End of Lease Strategy/Sustainment - The Technology End of Lease project spent \$3.916 million or 51.7 percent of the \$7.576 million 2006 approved cash flow. The Program projects spending of 88 percent of its 2006 approved cash flow by year-end. The Sustainment project spent \$3.479 million or 21.6 percent of the 2006 approved cash flow of \$16.138 million. The project is on track to spend 77.3 percent of its approved cash flow at year-end.

Information and Technology's capital spending for the six month period ended June 30, 2006, totalled \$4.024 million or 37 percent of its 2006 approved cash flow of \$10.872 million. Many of the projects are moving through their planning phase and towards the RFP and RFQs stage. A significant portion of the 2006 approved cash flow will be spent in the third and fourth quarter, as staff prepare the tenders and specifications in the first half of the year. Information and Technology is forecasting spending of \$8.405 million or 77.3 percent by year-end, primarily due to difficulties in recruiting qualified staff, delays in contract negotiations, and the tendering process, and the completion of some projects under-budget.

Other City Programs:

Other City Programs collectively reported actual expenditures of \$11.981 million or 33.5 percent of their 2006 Approved Capital Budget of \$35.741 million in 2006.

City Clerk's Office capital spending for the six-month period ended June 30, 2006, totalled \$2.475 million or 44.8 percent of its 2006 approved cash flow of \$5.521 million. The 2006 approved cash flow has reduced by \$0.240 million from \$5.521 million to \$5.282 million, with Council's approval (July 25 to 27, Report 5, Clause 7) given that expenditures for the Colour Scanner and PrePress Firm Image Setter are to be funded in part from of the I&T Mac TELS Program and therefore no longer required. City Clerk's Office projects their spending rate by year-end to be \$4.902 million or 92.8 percent of their 2006 approved cash flow.

As at June 30, 2006, the Energy Retrofit Program expenditures were \$2.972 million or 18.7 percent of its 2006 Approved Capital Budget. All projects are under construction. The year-end spending rate is projected at 87.9 percent due to an unanticipated delay in implementation of energy retrofit initiatives at Exhibition Place, Arenas and Fire Stations.

The Union Station Project, with a 2006 approved cash flow of \$5.462 million has \$4.361 million of actuals and commitments for the period ending June 30, 2006. Negotiations with the Union Pearson Group and the City regarding the Master Plan Agreement were not successful with the passing of the May 31, 2006 deadline, thus terminating the deal resulting in the City remaining responsible for all capital costs for Union Station. Project staff is in the process of coordinating the completion of the York Street Expansion Joint Project with GO Transit and is also awaiting approval from Parks Canada before starting with repairs to the Front Street Pedestrian Bridge Project. The Replacement of Skylights and the West Window projects were designed and tendered as one project which has been awarded; it is expected that the project will be completed by December 31, 2006.

3-1-1 Project - This project spent \$2.099 million or 25.2 percent of the approved cash flow of \$8.318 million. Management is projecting to spend \$3.456 million or 41.5 percent by year-end. Extension of the Core Technology sub-project implementation date has resulted in an extension to the schedule of some project deliverables such as the Work Order system integration and training of 3-1-1 staff.

#### Agencies, Boards and Commissions (ABCs):

Collectively, Agencies, Boards and Commissions (ABCs) spent \$209.581 million or 30 percent of their 2006 approved cash flow of \$697.956 million. The following Programs contributed to the under-spending:

Exhibition Place - As at June 30, 2006, Exhibition Place spent \$4.914 million or 29.1 percent of its 2006 Approved Budget. Notwithstanding, the spending rate at year-end is projected to be only slightly below budget at 98.7 percent. There are two projects for which, approved funding is not expected to be fully spent by the end of 2006.

- Music Building Windows (\$0.100 million) – This project was delayed since Exhibition Place is awaiting a consultant's report to determine whether leaks were originating from the windows, as initially suspected, or from the roof. As such, only 30 percent of the 2006 funding is expected to be spent by year-end, with the balance to be carried forward into 2007.
- Coliseum Lighting (\$0.300 million) - The scope of this work has been broadened with supplemental funding from the Energy Retrofit Program NTC Lighting project. Only 50 percent of the 2006 funding is expected to be spent by year-end, with the balance to be carried forward into 2007 to complete the expanded project.

Toronto and Region Conservation Authority (TRCA) - As at June 30, 2006, TRCA spent \$2.236 million or 37.3 percent of its 2006 Approved Budget of \$6.0 million. The fact that certain projects such as dredging and conservation area improvements are undertaken after June 30 gives the impression of apparent under-spending in the first half of the year. However, TRCA's spending rate at year-end is anticipated to be 100 percent.

Toronto Parking Enforcement Unit spent \$1.677 million or 46.2 percent of its 2006 Approved Capital Budget of \$3.633 million during the first six months of 2006. The implementation of the Handheld Parking Devices project is progressing as planned. It is projected that the 2006 Approved Capital Budget will be fully spent by year end.

Toronto Police Service spent \$25.979 million or 38.7 percent of its 2006 Approved Capital Budget of \$67.132 million during the first six months of 2006. The Police Service is projecting that \$44.055 million or 65.6 percent of its 2006 Approved cashflow will be spent by year-end, resulting in unspent funding of \$23.077 million to be carried forward to 2007. The projected under-spending is primarily due to the delay in the construction of new facilities. A site was identified for a new 11 Division, however, due to various legal and environmental issues, it was not feasible to utilize this site. The Board has requested City Facilities and Real Estate staff to expand and expedite their search for an alternative site for the facility. With respect to a new 14 Division, the City is currently in discussions with the Toronto District School Board to acquire an identified property. Assuming successful acquisition of this property in 2006, construction is anticipated to commence in 2007.

Toronto Public Health - Toronto Public Health spent \$1.758 million or 47.3 percent of its 2006 approved cash flow of \$3.721 million. Year-end capital expenditures are projected to be \$3.491million or 93.8 percent of the 2006 approved cash flow. The projected under expenditure is attributed to the Animal Services On-Line Licence System project. The entire amount will be carried forward to 2007. An extension to the completion date is required to establish links to the City's land/address information system, to enable on-line ordering of replacement animal tags and to complete the system documentation.

Toronto Public Library (TPL) spent \$5.006 million or 32.5 percent of the 2006 approved cash flow of \$15.412 million as at June 30, 2006. Most projects are progressing as planned, with the following exceptions:

- The Jane/Sheppard Neighbourhood Library Relocation, a joint project with Shelter, Support and Housing Administration, continues to experience delays in obtaining development approval, resulting in a projected carry-forward of \$0.367 million in 2006 funding to 2007;
- In the first quarter variance, Bloor/Gladstone Library's cash flow was recommended to be deferred to 2007-2009 (\$1.801 million gross and \$0.826 million debt) due to delays experienced as a result of approval process for this building. With the Heritage designation, funding for an equal value for the Jane/Dundas Library Renovation Project, with its design process underway and the selection of an architect finalized, was recommended to be accelerated from 2007 and 2008 to 2006. Now, a further \$0.281 million (gross and debt) for the Bloor/Gladstone Library is being recommended for deferral to 2008 due to continued delays in the project. As an offset, it is recommended that the Dufferin/St.Clair renovation be accelerated to 2006 from 2008 as this project is ready to proceed and that funding of \$0.281 million be allocated accordingly. This adjustment will not change the overall 2006 approved debt level for TPL.

Toronto Transit Commission (TTC) - Toronto Transit Commission's (TTC) 2006 Approved Capital Budget of \$552.435 million was \$163.5 million or 29.6 percent spent as of June 30, 2006.

It is anticipated that the TTC's spending will be at the 2006 Approved Capital Budget of \$552.435 million by year-end. The TTC is currently addressing the unspecified reduction of \$33.0 million included in the 2006 Approved Capital Budget.

Yonge/Dundas Square - Yonge Dundas Square Board of Management spent \$0.620 million of its \$0.755 million cash flow during the six month period ended June 30, 2006. The Program expects to spend 100 percent of its approved cash flow by year-end.

Toronto Zoo - The Program spent \$3.891 million or 43 percent of its 2006 approved cash flow of \$9.010 million, and is projecting to spend 77.1 percent by year-end. The projected year-end under-spending of \$2.066 million is attributed to the delayed implementation of certain information systems modules (\$0.421 million) as well as the tender for the North Site Tundra Biome project being awarded later than anticipated in 2006 (\$1.645 million).

#### Rate Supported Programs:

For the six months ended June 30, 2006, Rate Supported Programs spent \$215.685 million or 49.7 percent of their 2006 Approved Capital Budget of \$434.177 million. Collectively, the Programs project spending of \$327.618 million or 75.5 percent by year-end.

Toronto Water - The 2006 Approved Capital Budget of \$394.468 million was 53.4 percent or \$210.722 million spent as of June 30, 2006. Expenditures by year-end are anticipated to be \$316.716 million or 80.3 percent of the 2006 Approved Capital Budget. The 2006 spending rate as of June 30, 2006, represents a significant improvement over the 2005 Approved Capital Budget spending rate of \$202.9 million at year-end. The high rate of committed cash flow in 2006 is a result of construction proceeding on several large projects, which includes the McNicoll Watermain project and the Digester Refurbishment at Ashbridges Bay and Humber Wastewater Treatment Plant projects. These projects are on schedule and, in several cases, proceeding ahead of schedule. In addition, more than 80 percent of the linear infrastructure program for water and wastewater services has been tendered.

Toronto Parking Authority (TPA) - The 2006 Approved Capital Budget of \$39.709 million was 12.5 percent or \$4.963 million spent as of June 30, 2006. Expenditures by year-end are anticipated to be \$10.902 million or 27 percent of the 2006 approved cash flow.

This level of capital spending results from a combination of factors which include: (i) delays arising from the unavailability of appropriate sites; (ii) delays due to on-going negotiations for identified sites; (iii) projects cancelled because of a low probability of finding an appropriate site; and, iv) time lags in joint venture arrangements.

#### Technical and In-year Adjustments:

In accordance with the Financial Control By-law (section 71-9 E), budget reallocations were made between capital projects to apply unspent funds in completed capital projects against capital projects that were overspent. As reflected in Appendix 2, Toronto Water requests reallocation of funds between capital projects with no incremental impact on its 2006 Approved Capital Budget or the total City budget. The second adjustment requests for 2005 carry-forward cash flow reduction for the End of Lease and Sustainment Strategy project by \$2.800 million gross with no impact on debt.

The third adjustment is technical, requiring a change to the funding source for City Clerk's Office (Project CGV903) from "Debt" to "Other" (CFC of prior year) which was mistakenly posted in CAPTOR as Debt.

Conclusions:

Capital expenditures (including commitments) during the first six months of 2006 totalled \$659.1 million or 33.9 percent of the 2006 approved cash flow of \$1.947 billion. Tax Supported Programs spent \$443.422 million or 29.3 percent of their approved cash flow of \$1.513 billion while Rate Supported Programs spent \$215.685 million or 49.7 percent of their approved cash flow of \$434.177 million.

Projected spending to year-end will approximate \$1.731 billion or 88.9 percent of the 2006 approved cash flow. City Operations project spending 88.3 percent of their 2006 Approved Capital Budget, while Agencies, Boards and Commissions project spending of 97.9 percent. Rate Supported Programs' projected expenditures by year-end is expected to approximate 75.5 percent. In general, under-spending is primarily attributed to difficulties in finding suitable sites, unanticipated and extended OMB hearings and legal challenges, and delays in obtaining funding guarantees from cost sharing partners.

Contact Names:

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Attachments:

Appendix 1 - Consolidated Statement for Six Months Ended June 30, 2006.

Appendix 2 - 2006 Capital Budget - Technical and In-year Adjustments.



**Appendix 1**  
**CITY OF TORONTO**  
**Consolidated 2006 Capital Variance Report**  
**For the Six-Month Period Ended June 30, 2006**

	2006 Adjusted Budget \$	2006 Actuals & Commitments \$	Unspent \$	% Spent (d)=(b)/(a)	Projections to Year End \$	% of Plan (f)=(e)/(a)
	(a)	(b)	(c)=(a)-(b)	(d)=(b)/(a)	(e)	(f)=(e)/(a)
<b>Citizen Centred Services - "A"</b>						
Children's Services	15,270,200	1,478,212	13,791,988	9.7%	8,430,946	55.2%
Court Services	2,600,000	389,000	2,211,000	15.0%	1,540,000	59.2%
Culture	10,791,500	5,356,945	5,434,555	49.6%	7,548,700	70.0%
Economic Development	6,316,000	2,698,426	3,617,574	42.7%	6,316,000	100.0%
Emergency Medical Services	8,084,000	1,420,277	6,663,723	17.6%	6,491,586	80.3%
Homes for the Aged	7,200,000	3,380,000	3,820,000	46.9%	7,200,000	100.0%
Parks, Forestry & Recreation	106,172,000	42,674,899	63,497,101	40.2%	97,828,000	92.1%
Shelter, Support and Housing Administration	17,659,895	8,571,878	9,088,017	48.5%	10,877,595	61.6%
Tourism	337,500	7,500	330,000	2.2%	337,500	100.0%
<b>Sub-Total</b>	<b>174,431,095</b>	<b>65,977,137</b>	<b>108,453,958</b>	<b>37.8%</b>	<b>146,570,327</b>	<b>84.0%</b>
<b>Citizen Centred Services - "B"</b>						
Business Support Services	1,603,223	162,454	1,440,769	10.1%	1,015,000	63.3%
City Planning	9,344,341	3,152,377	6,191,964	33.7%	6,543,879	70.0%
Cross Divisional Projects	5,538,161	2,296,756	3,241,405	41.5%	4,727,983	85.4%
Emergency Management Plan	570,000	374,593	195,407	65.7%	570,000	100.0%
Fire Services	14,091,113	11,565,962	2,525,151	82.1%	11,247,347	79.8%
Solid Waste Management Services	26,811,000	4,739,569	22,071,431	17.7%	16,201,000	60.4%
Transportation Services	352,161,384	71,713,188	280,448,196	20.4%	333,752,446	94.8%
Waterfront Revitalization Initiative	29,918,400	8,917,517	21,000,883	29.8%	29,918,400	100.0%
<b>Sub-Total</b>	<b>440,037,622</b>	<b>102,922,416</b>	<b>337,115,206</b>	<b>23.4%</b>	<b>403,976,055</b>	<b>91.8%</b>
<b>Internal Services</b>						
Facilities and Real Estate	42,702,728	13,735,220	28,967,508	32.2%	40,933,604	95.9%
Financial Services	6,568,244	1,070,897	5,497,347	16.3%	3,591,023	54.7%
Fleet Services	80,915,600	26,734,853	54,180,747	33.0%	71,647,600	88.5%
Technology End of Lease Strategy	23,714,000	7,394,966	16,319,034	31.2%	16,675,854	70.3%
Information Technology	10,872,000	4,024,000	6,848,000	37.0%	8,405,312	77.3%
<b>Sub-Total</b>	<b>164,772,572</b>	<b>52,959,936</b>	<b>111,812,636</b>	<b>32.1%</b>	<b>141,253,393</b>	<b>85.7%</b>



**Appendix 1**  
**CITY OF TORONTO**  
**Consolidated 2006 Capital Variance Report**  
**For the Six-Month Period Ended June 30, 2006**

	2006 Adjusted Budget \$	2006 Actuals & Commitments \$	Unspent \$	% Spent (d)=(b)/(a)	Projections to Year End \$	% of Plan (f)=(e)/(a)
	(a)	(b)	(c)=(a)-(b)	(d)=(b)/(a)	(e)	(f)=(e)/(a)
<b>Other City Programs</b>						
City Clerk's Office	5,520,993	2,475,066	3,045,927	44.8%	4,901,837	88.8%
Energy Retrofit Program	15,889,802	2,971,637	12,918,165	18.7%	13,969,450	87.9%
Nathan Phillips Square	550,000	74,796	475,204	13.6%	100,000	18.2%
Union Station	5,462,000	4,360,736	1,101,264	79.8%	5,462,000	100.0%
3-1-1 Project	8,318,055	2,098,659	6,219,396	25.2%	3,456,000	41.5%
<b>Sub-Total</b>	<b>35,740,850</b>	<b>11,980,894</b>	<b>23,759,956</b>	<b>33.5%</b>	<b>27,889,287</b>	<b>78.0%</b>
<b>Total City Operations</b>	<b>814,982,139</b>	<b>233,840,383</b>	<b>581,141,756</b>	<b>28.7%</b>	<b>719,689,062</b>	<b>88.3%</b>
<b>Agencies, Boards and Commissions</b>						
Exhibition Place	16,859,130	4,914,092	11,945,038	29.1%	16,639,130	98.7%
Go Transit	20,000,000	0	20,000,000	0.0%	20,000,000	100.0%
Toronto And Region Conservation Authority	6,000,000	2,235,678	3,764,322	37.3%	6,000,000	100.0%
Toronto Parking Enforcement Unit	3,632,633	1,676,639	1,955,994	46.2%	3,632,633	100.0%
Toronto Police Service	67,131,822	25,978,751	41,153,071	38.7%	44,054,774	65.6%
Toronto Port Authority	3,000,000	0	3,000,000	0.0%	3,000,000	100.0%
Toronto Public Health	3,721,000	1,758,393	1,962,607	47.3%	3,491,000	93.8%
Toronto Public Library	15,411,992	5,006,286	10,405,706	32.5%	14,913,880	96.8%
Toronto Transit Commission	552,435,000	163,500,000	388,935,000	29.6%	564,100,000	102.1%
Yonge-Dundas Square	755,000	620,388	134,612	82.2%	755,000	100.0%
Toronto Zoo	9,009,732	3,891,105	5,118,627	43.2%	6,944,009	77.1%
<b>Agencies, Boards and Commissions Total</b>	<b>697,956,309</b>	<b>209,581,332</b>	<b>488,374,977</b>	<b>30.0%</b>	<b>683,530,426</b>	<b>97.9%</b>
<b>TOTAL - TAX SUPPORTED PROGRAM</b>	<b>1,512,938,448</b>	<b>443,421,715</b>	<b>1,069,516,733</b>	<b>29.3%</b>	<b>1,403,219,488</b>	<b>92.7%</b>
<b>Rate Supported Programs</b>						
Toronto Parking Authority	39,709,000	4,963,123	34,745,877	12.5%	10,902,488	27.5%
Toronto Water	394,468,000	210,721,846	183,746,154	53.4%	316,715,625	80.3%
<b>TOTAL RATE SUPPORTED PROGRAM</b>	<b>434,177,000</b>	<b>215,684,969</b>	<b>218,492,031</b>	<b>49.7%</b>	<b>327,618,113</b>	<b>75.5%</b>
<b>TOTAL ALL PROGRAMS</b>	<b>1,947,115,448</b>	<b>659,106,684</b>	<b>1,288,008,764</b>	<b>33.9%</b>	<b>1,730,837,601</b>	<b>88.9%</b>



**Appendix 2**  
**City of Toronto**  
**2006 Capital Variance Report - For Six - Month Period Ended June 30, 2006**  
**Technical/In-Year Adjustments**

Program / Project #	Sub-project Description	Gross Expenditure	Debt
<b>1) Reallocation of budget between capital projects:</b>			
<i>Toronto Water</i>			
As a result of the acceleration of some projects within Toronto Water's workplan and the increase in tendered material unit rates (i.e. concrete, steel & copper), the reallocation of funds for the following projects are required to continue to meet Toronto Water's targetted spending rate.			
CPW007	Construction	4,000,000	
CPW018	Island Winterizatr-Contract	1,300,000	
CPW060	Trans Facilities Rehab	500,000	
CPW529	Yr03 Infras Needs Assessment	130,000	
CPW520	Yr05 Dist Water Srvs-Ops	550,000	
CPW542	Yr06 Dist W/M Replacement	5,900,000	
CPW544	Yr06 All Dist Wsr - Tech Srvs	1,450,000	
CWW462	Yr05 Dist Sewer Rehab Ops	2,600,000	
CWW463	Yr05 Dist Sewer Replacement	300,000	
CWW472	2006 Sewer Replacement	2,000,000	
CPW008	Wm-Warden-Danforth To St. Clair	(1,050,000)	
CPW013	Horgan Fp Replacement Scrubber	(577,000)	
CPW044	Hvac Rehab	(1,300,000)	
CPW045	Indoor Switchgear-Rosehill Ps	(380,000)	
CPW046	Hvac Rehab	(150,000)	
CPW055	Yr05 Service Bldg Rehab	(1,300,000)	
CPW056	Roof Rehab	(1,453,000)	
CPW059	Yr05 W/M Gerrard-River Design	(300,000)	
CPW061	Building Envelope Rehab	(100,000)	
CPW063	Sewage P.S. Upgrade	(463,000)	
CPW068	Transmission Operations Optimizer	(2,200,000)	
CWW005	Replc Coarse Bar Screens	(200,000)	
CWW029	Process & Equip Upgrades	(1,557,000)	
CWW401	Emery Creek Pond	(1,500,000)	
CWW473	Source Water Protection Reserve	(1,000,000)	
CWW474	Tree Planting - Stormwater Reduction	(500,000)	
CWW912	Facilities & Equipment	(4,700,000)	
Sub-Total		0	0
<b>2) Reduction in 2006 Cash Flow:</b>			
<i>End of Lease &amp; Sustainment Strategy</i>			
To reduce the End of Lease Capital Budget (2005 carry-forward funded by CFC) by \$2.8 million.			
CIT701	Technology End of Lease & Sustainment Strategy	(2,800,000)	
Sub-Total		(2,800,000)	0
<b>3) Change of Funding Source:</b>			
<i>City Clerk's Office</i>			
to change the funding source for CGV903 from Debt to Other (CFC of prior year) which was mistakenly posted in CAPTOR as Debt.			
CGV903-1	Clks-Macros/Pub Internet Acc/Issue Track		(1,107,000)
Sub-Total		0	(1,107,000)
<b>Total - Technical/In-Year Adjustments</b>		<b>(2,800,000)</b>	<b>(1,107,000)</b>