

**Transportation Services -
Additional 2007 Cashflow Reallocations and Deferrals**

Date:	June 22, 2007
To:	Budget Committee
From:	General Manager, Transportation Services
Wards:	All Wards
Reference Number:	P:\2007\ClusterB\tra\tim\bc07021tim

SUMMARY

The Transportation Services Division submitted a report dated May 30, 2007 to the Budget Committee meeting on June 13, 2007 recommending the reallocation of anticipated cash flow expenditures from 2007 projects that, for various reasons, must be deferred to other projects that are ready to proceed. The Budget Committee recommended the adoption of the report without amendment.

As with the previous report, additional 2007 cash flows will need to be realigned to other program areas that are ready to proceed. This will involve the deferral of 2007 approved cash flows and a corresponding acceleration of others that will yield a zero net impact on approved debt for 2007. As part of the upcoming 2008 budget process, projects will be revisited and cash flows reassessed accordingly so that approved five year debt targets are not altered.

RECOMMENDATIONS

The General Manager of Transportation Services recommends that:

1. The deferred and accelerated cash flows in the amount of \$10,350,000.00 detailed in Table 1, attached, which will have no net impact on the approved 2007 approved debt, be approved;
2. The deferred cash flows in the amount of \$38,262,000.00 detailed in Table 2, attached, which represent uncontrollable third party funding from others and will have no net impact on the approved 2007 debt, be approved;

3. The accelerated cash flows in the amount of \$14,000,000.00 detailed in Table 2, attached, which represents uncontrollable third party funding from others and will have no net impact on the approved 2007 debt, be approved;
4. The General Manager, Transportation Services Division, be requested to report back to the Budget Committee as part of the 2008 Capital Budget process, on a revised five year plan; and
5. The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Financial Impact

As with the report dated May 30, 2007 and consistent with the data contained in Table 1, attached, funding in the amount of \$10,350,000.00 will be deferred from various projects that for a number of reasons as outlined in the body of this report, will be delayed. In this regard, an equivalent cash flow can be accelerated and reallocated to a number of projects that are ready to proceed. These cash flows represent debt funded projects with no net change to the approved 2007 net debt funding requirement.

The Division is also seeking to defer a total gross approved cash flow of \$38,262,000.00 from 2007 to 2008 representing those fully recoverable projects (work for others) that are also delayed for various reasons outside of the control of the Division. The Division is also seeking an acceleration of \$14,000,000 in gross cash flows from 2008 to 2007 for various third party works that are ready to proceed.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

As indicated in the May 30, 2007 report, this initiative closely aligns itself with an earlier approval by City Council. In early 2007, a set of guidelines was adopted by City Council that outlines a process emphasising upfront priority-setting, service reviews and a public consultation methodology. This is intended to guide the budget process focussing on a multi-year financial outlook that aligns services with the Mayor's mandate and Council's policy agenda ensuring, among other things, the efficient use of resources to deliver service results and outcomes. In this regard, the Transportation Services Division will be submitting a follow-up report to the Public Works and Infrastructure Committee meeting on June 27, 2007 to recommend adoption of a cross divisional coordinated infrastructure capital works policy. Background material can be found at:

http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/2007-bu2-5_312.pdf

COMMENTS

Opportunities currently exist that will allow for the advancement of various contemplated 2008 and 2009 programs this year uniformly across the city. For the Transportation Services Division, this means that a re-allocation of approved cash flows will be required to maximize the acceleration of those projects that are essentially ready to proceed. In this regard, the Division is seeking approval for the technical adjustments and reallocations of approved 2007 gross cash flows as shown on the accompanying Table 1 and further deferrals as outlined in Table 2, attached. This will accommodate higher capital expenditures and will result in a better alignment of cash flows. Justification for the reallocation, by program, includes the following:

- Further delays respecting land acquisition and structural steel procurement will delay the commencement of bridge and ramp work at Finch / Morningside. Work will nonetheless commence and a significant amount of the forecasted improvements will proceed in 2007;
- The timing of some of the expropriations in connection with the North Yonge Centre ring-road project is delayed by a few additional months and as such, some of the negotiations are not expected to be completed until late this year or early 2008;
- Unforeseen Toronto Hydro work along the planned dedicated St. Clair Transit right-of-way has necessitated the deferral of the tendering of major civil works from the spring to the Fall of this year. Furthermore, the planned cash flow for this transit initiative was submitted as a two phase project back in 2005 and has since been reprioritized over three stages spanning to 2009. Accordingly, much of the deferred cash flow request is intended to reflect more realistic timelines. A revised cash flow projection will be submitted as part of the upcoming 2008 capital budget process;
- The progress of designing a median wall for the westerly F.G. Gardiner Expressway, at grade, has met with some technical specifications being reconsidered by the Ministry of Transportation and as such, has delayed the implementation of the wall by several months. Approximately 60% of the planned work will be completed in 2007;
- A considerable amount of sidewalk reconstruction work can be accelerated and accommodated within current contemplated works in keeping with City Council's priorities to accommodate a higher degree of civic improvements commensurate with ongoing capital projects; and
- Several TTC track projects can be accelerated to coincide with planned Transportation improvements including, among others, improvements at Bathurst and Fleet Streets.

The Division will be submitting a revised five year capital plan that will account for the re-programming of timelines to implement various needed works. At no time is it intended that there be a net change to the overall approved net debt cash flows for 2007 and each of the remaining years of the five-year capital plan.

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ATTACHMENTS

Table 1: Transportation Services – Capital Budget Adjustments and Reallocation
Debt Funded Programs

Table 2: Transportation Services – Capital Budget Adjustments and Reallocation
Fully Funded Programs from Other Sources