

**Transportation Services -
Mid-Construction 2007 Cashflow Reallocations and
Deferrals**

Date:	September 5, 2007
To:	Budget Committee
From:	General Manager, Transportation Services
Wards:	All Wards
Reference Number:	P:\2007\ClusterB\tra\tim\bc07031tim

SUMMARY

The Transportation Services Division submitted two earlier reports dated May 30 and June 22, 2007 to the Budget Committee recommending the reallocation of anticipated cash flow expenditures from 2007 projects that, for various reasons, needed to be deferred to other projects that were ready to proceed (Clause Nos. 22 and 42 of Executive Committee Report No. 10 adopted, as amended, by City Council at its meeting held on July 16, 17, 18 and 19, 2007).

As with the previous reports, additional 2007 cash flows are needed to be realigned to other program areas that are ready to proceed. This involves the deferral of 2007 approved cash flows and a corresponding acceleration of others that yield a zero net impact on the approved debt target for 2007. In view of the foregoing, Transportation staff, as part of the upcoming 2008 budget process and consistent with the Divisional submission, has reassessed all ongoing and imminent project cash flows so that approved five year debt targets will not be altered.

RECOMMENDATIONS

The General Manager of Transportation Services recommends that:

1. the deferred and accelerated cash flows in the amount of \$16,900,000.00 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 \$20,650,000.00 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 General Manager, Transportation Services Division, be requested to report back to the Budget Committee as part of the 2008 Capital Budget process, on:
 - a. the impacts of the deferrals (Table 2) on the 2008 submitted cash flows;
 - b. a revised five year plan; and
4. the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Financial Impact

Funding in the amount of \$16,900,000.00 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 Transportation Services Division is also deferring a total gross approved cash flow of \$20,650,000.00 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.

Cash Flow Adjustments (\$ millions)	2007	2008	2009	2010	2011
Approved to Date Gross Expenditures	358.787	233.523	214.379	217.816	205.124
Deferred Projects	134.462	0	0	0	0
Accelerated Projects	0	60.050	0	0	0
Other Funding	174.323	63.872	36.305	26.494	22.524
Debt	184.464	169.651	178.074	191.322	182.600

Recommended (\$ millions)	2007	2008	2009	2010	2011
Deferred Projects	37.55	0	0	0	0
Accelerated Projects	0	16.9	0	0	0
Other Funding	20.650	0	0	0	0
Debt	16.9	16.9	0	0	0
Total Change in Debt	0	0	0	0	0

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

DECISION HISTORY

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 submitted a report entitled "Plan to Improve the Development and Implementation of a Co-ordinated Multi-Year Joint Transportation Services and Toronto Water Capital Program" to the Public Works and Infrastructure Committee, at its June 27, 2007 meeting (Clause 6 of Public Works and Infrastructure Committee Report No. 7). City Council adopted the clause without amendment at its meeting held on July 16, 17, 18 & 19, 2007 and, in doing so, approved 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 programs this year, uniformly distributed across the city. For the Transportation Services Division, this means that a re-allocation of approved cash flows will be required to facilitate the acceleration of those projects that are essentially ready to proceed. In this regard, the Division is seeking approval for the 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 capital program, includes the following:

- 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; \$2.0 million deferred to 2008.
- The implementation of the median wall for the westerly F.G. Gardiner Expressway, at grade, has been delayed by several months because of concerns the technical specifications of the design, expressed by the Ministry of Transportation, Ontario. Approximately 60% of the planned work will be completed in 2007; \$9.0 million deferred to 2008.
- 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 in conjunction with ongoing capital projects; \$11.05 million accelerated to 2007.

- Several Toronto Transit Commission track projects can be accelerated to coincide with planned Transportation improvements including, among others, improvements at Bathurst and Fleet Streets; \$1.78 million accelerated to 2007.

The Transportation Services Division will be submitting a revised five year capital plan that will account for the re-programming of timelines to implement various needed works. There will be no 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