

Capital Variance Report For the Four Months Ended April 30, 2008

Date:	June 11, 2008
To:	Budget Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	P:\2008\Internal Services\FP\bc08010Fp (AFS#6963)

SUMMARY

The purpose of this report is to provide the City of Toronto Capital Variance Report for the four-month period ended April 30, 2008, and projected actual expenditures to the December 31, 2008. Further, the report recommends adjustments to the 2008 Council Approved Budget in order to ensure effective delivery of the capital program.

Capital expenditures for Tax Supported Programs during the four months period ended April 30, 2008 totalled \$232.827 million, representing 11.5% of the 2008 Approved Budget of \$2.027 billion (see Appendix 1). City Operations spent \$68.408 million or 8.0% of the 2008 Approved Budget of \$857.675 million, while Agencies, Boards and Commissions spent \$164.419 million or 14.1% of their collective 2008 Approved Budget of \$1.170 billion. Rate Supported Programs spent \$28.713 million or 6.6% of the 2008 Approved Budget of \$436.746 million. The above spending levels are consistent with prior years' performance. It is noted that capital project activities tend to be concentrated in the latter half of the year; therefore, capital spending rates will accelerate during the summer months in accordance with capital project plans and schedules.

As shown in Appendix 1, projected expenditures to year end are estimated at \$2.161 billion or 87.7% of the total 2008 Approved Budget of \$2.464 billion. Tax Supported Programs estimate spending 91.1%, while Rate Supported Programs estimate spending 81.4% of their respective 2008 Approved Budget. Projected under-expenditures to year end are primarily attributed to known delays in the completion of studies due to weather related restrictions on field investigation work; unanticipated legal and environmental issues; reduced funding support from the Province on cost-shared projects; and acquisition of property at a lower than budgeted cost.

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RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. Council approve the technical and in-year budget adjustments detailed in Appendix 2 which will reduce the 2008 Approved Capital Budget by \$3.506 million, and decrease debt funding by \$10.315 million.
2. Council approve an adjustment to the Union Station Revitalization 2009 - 2012 Capital Plan to increase the future year commitments by \$3.021 million with no incremental impact on project cost or debt as outlined in Appendix 3 and on page 18 of this report.
3. Budget Committee forward this report to the Executive Committee for its consideration.

FINANCIAL IMPACT

As summarized in Table 1 below, for the four months ended April 30, 2008, actual expenditures for Tax Supported Programs totalled \$232.827 million or 11.5% of a 2008 Approved Budget of \$2.027 billion. By comparison, these Programs spent 18.2% of their 2007 Approved Budget during the same period in 2007. Tax Supported Programs project a spending rate of 89.1% or \$1.805 billion by the end of 2008.

Rate Supported Programs spent \$28.713 million or 6.6% of their 2008 Approved Budget of \$436.746 million. It is projected that by year-end, expenditures will approximate \$355.388 million or 81.4% of the 2008 Approved Budget.

Table 1 Corporate Capital Variance Summary for the Four Months Ended April 30, 2008 (\$000s)						
	2008 Approved Budget		Actual Expenditures - January 1 to April 30, 2008		Projected Actuals to Year-End	
			\$000	%	\$000	% of Plan
Tax Supported Programs:						
Citizen Centred Services - "A"	199,857		17,968	9.0%	154,163	77.1%
Citizen Centred Services - "B"	457,887		35,460	7.7%	412,251	90.0%
Internal Services	145,211		10,307	7.1%	119,353	82.2%
Other City Programs	54,720		4,673	8.5%	53,745	98.2%
Agencies, Boards & Commissions	1,169,552		164,419	14.1%	1,065,931	91.1%
Total - Tax Supported	2,027,226		232,827	11.5%	1,805,443	89.1%
Rate Supported Programs:						
Toronto Parking Authority	26,746		2,022	7.6%	26,746	100.0%
Toronto Water	410,000		26,691	6.5%	328,642	80.2%
Total Rate Supported	436,746		28,713	6.6%	355,388	81.4%
Total	2,463,972		261,540	10.6%	2,160,831	87.7%

ISSUE BACKGROUND

This report is provided pursuant to good business practice and budgetary control. As part of the City's accountability framework, capital variance reports are submitted to Committees and Council quarterly to provide information on how the approved capital works program is progressing, and on an exceptions basis, to identify issues that require direction from, and/or decisions that require approval of Council.

This report details capital spending performance for the first four months of 2008 as well as spending projections to year end. It identifies factors that negatively impact capital spending plans and, where relevant, proposes appropriate corrective action(s).

COMMENTS

At its meeting of December 11, 2007, Council approved a 2008 Tax-Supported Capital Budget of \$1.911 billion and a Rate-Supported Capital Budget of \$436.746 million for a total Tax and Rate-Supported Capital Budget of \$2.348 billion. The 2008 Rate-Supported Capital Budget consists of \$410.0 million for Toronto Water and \$26.746 million for Toronto Parking Authority. After adjusting for in-year budget approvals and additional 2007 carry forward funding, the 2008 Adjusted Capital Budget is \$2.464 billion. Capital spending performance by Cluster and Program during the first four months of 2008 and projections to year-end are discussed below.

Citizen Centred Services “A”

For the four months ended April 30, 2008, actual capital expenditures for this Cluster totalled \$17.968 million or 9.0% of the 2008 Approved Budget of \$199.857 million. Capital spending for Citizen Centred Services “A” is expected to increase to \$154.163 million or 77.1% of the 2008 Approved Budget by year-end. Capital spending performance, including explanations of significant under-spending for Programs within this Cluster is summarized below:

3-1-1 Customer Service Strategy’s actual expenditures for the four months ended April 30, 2008 totalled \$2.569 million or 9.6% of the 2008 Approved Budget of \$26.681 million. Spending was delayed primarily due to the amount of time required to negotiate the *Technology Solution* contract which was eventually signed on March 31, 2008. As a result, the year-end spending rate will be lower than originally planned. According to project schedule milestones, it is expected that \$16.972 million or 63.6% of the 2008 Approved Budget of \$26.681 million will be spent by year-end.

Children’s Services spent \$0.012 million or 0.1% of its 2008 Approved Budget of \$10.259 million. Children’s Services’ projected spending by year-end will be \$6.666 million or 65.0% of its 2008 Approved Budget of \$10.259 million. The projected under-expenditure of \$3.593 million is attributed to the Health & Safety project as the Program is currently expecting only \$0.407 million or just 10% of the expected \$4.0 million share of provincial funding. It is anticipated that the debt funded municipal share of \$1.0 million will be fully spent by year-end.

Court Services’ actual expenditures during the first four months of 2008 totalled \$0.168 million or 3.0% of the 2008 Approved Budget of \$5.526 million. The Program projected expenditures to year-end are expected to be \$3.356 million or 60.7% of the 2008 Approved Budget of \$5.526 million. All projects are funded from the Provincial Offences Court Stabilization Reserve Fund, and have no impact on the City’s debt.

The supply and installation of *Digital Audio Recording (DAR) equipment of Phase 1* of the *POA Application Development project* (\$1.0 million) was delayed due to extended time required for contract finalization with the selected vendor. The installation of DAR

and provision of related training to staff was completed at the West Court location in March 2008 and the East location in April 2008. The equipment is expected to be installed at *137 Edward St.* (including the intake courtrooms) and the *Old City Hall* courtrooms in June and September 2008, respectively. With regards to Phase II of the Court Admin Records System – CARS (\$2.0 million), technical and business staff resources were redeployed in 2007 to support a higher priority project causing a delay in the commencement of this project from 2007 until 2008. The technical studies/analysis for the CARS project is expected to be completed in the Fall of 2008 and full system implementation and staff training completed in Spring 2009.

The Courthouse Facility Renovation works will be 65.7% complete by year end as the contract for refurbishing and technical upgrades for the courtrooms in the Old City Hall has been awarded, and renovation is expected to begin in June 2008 for completion in early 2009.

Economic Development, Culture & Tourism capital expenditures totalled \$0.745 million or 4.7% of the 2008 Approved Budget of \$15.941 million. A majority of the 2008 planned projects are underway and expected to be completed by the end of the year. The Program is projecting expenditures of \$13.515 million or 84.8% of the 2008 Approved Budget at year-end. The projected year-end under spending of \$2.026 million is mainly attributed to: construction delays for Todmorden Mills as a result of delays in 2007; technical design difficulties for BIA Streetscape projects and a \$0.400 million 2007 carry-forward funding reduction for the Canadian Walk of Fame.

Emergency Medical Services' (EMS) capital expenditures for the four months ended April 30th total \$0.716 million or 6.5% of the 2008 Approved Budget of \$11.041 million. EMS has not experienced any major project delays to date. All major contracts and purchase orders are proceeding as planned, and as a result, EMS' projected expenditures to year-end will approximate \$10.435 million or 94.5% of its 2008 Approved Budget.

Homes for the Aged spent \$0.507 million or 5.2% of its 2008 Approved Budget of \$9.800 million. Contracts amounting to \$3.422 million or 35% of the approved cash flow have been tendered and issued. All Homes for the Aged Maintenance projects are in process and on target. The Program projects that 100% of its 2008 Approved Budget will be spent by year-end.

Parks, Forestry & Recreation spent \$11.869 million or 10.9% of its 2008 Approved Budget of \$108.589 million. Capital spending is anticipated to reach \$81.927 million or 75.4% of the 2008 Approved Budget by year-end. The projected under-spending is mainly due to the following projects: *Community Centres* (\$7.9 million), with several tenders being delayed (ie. Warden Corridor not as planned); *Park Development projects* (\$5.9 million), as the *CP PS LEAD and Wychwood project* will not be completed by year-end, the *3 Grange Park projects* being subject to a community consultation process; and *Arena projects* (\$3.3 million) as *Arena Capital Asset Maintenance and Colonel Sam Smith Outdoor Rink projects* will not be completed due to an extended community consultation process.

Shelter, Support and Housing Administration spent \$1.244 million or 14.1% of the 2008 Approved Budget of \$8.828 million, and projects year-end spending of 94.0%. Construction on the Bethlehem United Shelter project has been completed, while Eva's Youth Shelter and 129 Peter Street are expected to be completed in the Fall. Spending on the IT projects will accelerate during the second half of the year, once user-acceptance of the pilot phase of the *Shelter Management Information System* has been finalized, and after recruitment of the development team for the *Social Housing Administration System* has been completed. Capital maintenance projects in the City owned and leased shelters are on target.

Social Services spent \$0.138 million or 4.3% of its 2008 Approved Budget of \$3.192 million. Social Services projects that 100% of its approved budget will be spent by year-end. The contract for the Ontario Work External Web project has been awarded and is expected to be completed by the end of summer 2008. The *Data Mart Infrastructure Enhancement project*, the *Employment Assistance Management System*, and the *Case Management project* are progressing according to the plan.

Citizen Centred Services "B"

Actual capital expenditures for this Cluster during the four months ended April 30, 2008, totalled \$35.460 million or 7.7% of the 2008 Approved Budget of \$457.887 million. Capital spending for this Cluster will increase to \$412.251 million or 90.0% of the 2008 Approved Budget by year-end. Spending performance, including explanation of significant variances for programs within this Cluster is summarized below:

City Planning's capital expenditures for the four months ended April 30, 2008 totalled \$0.307 million or 3.0% of the 2008 Approved Budget of \$10.219 million. The Program's projected actuals to year-end will be \$10.002 million or 97.9% of the 2008 Approved Budget. The majority of the Program's projected year-end underspending is attributed to the following projects;

- ♦ *Environmental Assessment Transit Studies 2008* projected expenditures to year-end are estimated at \$0.131 million or 50% of the 2008 Approved Budget of \$0.262 million. The projected under spending is the result of a delay in the completion of the Don Mills and Kingston Road environmental assessments, which are anticipated to be completed in 2008 but will result in a delay in the completion of the Transit Studies; and,
- ♦ *The Natural Heritage Inventory Studies 2008's* projected expenditures to year-end are estimated at \$0.100 million or 50% of the 2008 Approved Budget of \$0.200 million by year-end. The projected under spending is due to late commencement of the project resulting from unanticipated delays in the completion of the 2007 studies due to weather related restrictions on field investigation work.

Policy, Planning, Finance and Administration's capital expenditures for the four months ended April 30, 2008 totalled \$0.156 million or 2.1% of its 2008 Approved Budget of \$7.331 million. Policy, Planning, Finance and Administration is projecting that \$4.408 million or 60.1% of its 2008 Approved Budget will be spent by year-end. The projected under-expenditure is primarily attributed to the following projects:

- ♦ *Business Sustainment Systems* - \$0.052 million or 1.3% of the 2008 Approved Budget of \$3.977 million of this project was spent. The Program expects to spend \$1.843 million or 46.3% of the 2008 Approved Budget. Spending on the Remote Computing project will be lower than anticipated due to delays in completing the Request for Quotes. A new Project Manager is being hired to lead this project. Other projects such as the MLS Division Technology Enhancement project are behind schedule due to delays in completing the review for professional services.
- ♦ *Asset Preservation 2008* – The Program expects to spend \$0.830 million or 100% of the 2008 Approved Budget on this project.
- ♦ *Mainframe Application Replacement* – it is projected that \$0.631 million or 50% of the 2008 Approved Budget will be spent at year-end. Six systems have been successfully developed; however, due to delays in hiring; the remaining two systems will not be completed until the 1st quarter of 2009.

Fire Services' capital expenditures for the period ended April 30, 2008 totalled \$1.134 million or 17.8% of the 2008 Approved Budget of \$6.390 million. This approved budget does not include additional carry forward amounts of \$1.291 million. When adjusted, the 2008 Approved Budget will be \$7.681 million. Fire Services is presently forecasting a 91% spending rate at year-end based on the unadjusted 2008 Approved Budget. The first four months of spending is mainly attributed to the following projects:

- ♦ *Asset Management projects* are 14% or \$0.331 million spent out of a total 2008 Approved Budget of \$2.3 million. Corporate Facilities is currently projecting 100% spending on 2006/2007/2008 projects by year-end.
- ♦ *Heavy Urban Search and Rescue (HUSAR) projects* are 98% or \$0.714 million spent out of a total cash flow of \$0.728 million carried forward from 2007. As of April 30, 2008, these projects were completed in compliance with the Federal March 31, fiscal year-end deadline for the 75/25 percent cost sharing arrangements.
- ♦ *The Toryork Bays Extension project* is 0.2% or \$0.004 million spent out of a total 2008 Approved Budget of \$1.9 million. The project construction phase will be delayed for necessary approvals and contract preparation limiting possible site work to later in the year. As a result, a separate report to Budget Committee is recommending that previously approved commitments for this project be deferred to 2009 and \$0.648 million of the \$1.984 million 2008 Approved Budget be re-allocated to other purposes as follows: Overhaul of the Fireboat Electrical System for \$0.350 million, Payroll Time Entry System Upgrade for \$0.180 million and the HUSAR/JEPP 05/06-Project for \$0.118 million.

Solid Waste Management Services spent \$13.109 million or 16.2% of its 2008 Approved Capital Budget of \$80.909 million during the four-month period ended April 30, 2008. Solid Waste Management Services projects spending of 98.1% of its 2008 Approved Budget by year-end. Spending during the first four months of 2008 is mainly attributed to the following projects:

- ♦ *The Diversion Facilities project* had expenditures of \$12.6 million for the roll-out of single household recycling carts. Various sub-projects such as Source Separated Organics (SSO), Additional Processing Capacity, Transfer Station Modification as well as Residual Waste Management Facilities, Reuse Centres, Single Household Residual Waste Containers, Recycling Upgrades for Multi-Units, and Curbside Collection of Durable Goods are in the early planning stages. SSO Multi-Unit Residential Containers, with a cash flow of \$0.480 million, may be delayed to 2009 due to lack of processing capacity.
- ♦ *The Perpetual Care of Landfill project* has had \$0.318 million in expenditures for miscellaneous material, parts and professional services such as legal, engineering and well drilling mainly at the Keele Landfill site. Proposed construction of a perimeter leachate system at Thackery Landfill with cash flow of \$0.5 million will be delayed to 2009 due to design issues.
- ♦ *The Transfer Station Asset Management project* expenditures totalled \$0.165 million on miscellaneous material, parts and professional services such as engineering at the Dufferin and Ingram Transfer Stations as well as expenditures for the weigh scales system.

Transportation Services' capital expenditures for the period ended April 30, 2008 totalled \$20.680 million or 7.0% of the 2008 Approved Budget of \$294.988 million. This approved cash flow includes carry forward amounts from 2007 of \$34.941 million. Transportation Services is projecting that \$256.540 million or 87.0% of its 2008 Approved Budget will be spent by year-end.

Transportation Services capital work consists of two main categories of capital projects: State Of Good Repair and Infrastructure Enhancement.

- ♦ Spending for *State of Good Repair projects* for bridges, local and major roads and expressways to April 30, 2008, total \$3.333 million or 2.4% of the 2008 Approved Budget of \$120.013 million and is projected to be 89.5% spent at year-end. The major expenditures in 2008 include the following projections: *local and major road reconstruction and resurfacing (\$50.589 million), sidewalk construction (\$6.699 million), rehabilitation and repair of city bridges (\$33.644 million) and resurfacing and repairs to the Gardiner Expressway and Don Valley Parkway (\$22.105 million).*

Spending on *Infrastructure Enhancement projects* totals \$17.443 million or 10.8% of the 2008 Approved Budget and it is projected that spending will increase to \$136.527 million or 84.9% at year-end. The 2008 spending performance is attributed to the following projects:

- ♦ The *St. Clair Dedicated Right of Way* project will be \$28.747 million or 85.0% spent at year-end out of a 2008 Budget of \$33.820 million. Progress on this project was delayed due to lead times required by Toronto Hydro to relocate some of its underground plant.
- ♦ The *Bloor Street Transformation* will be \$10.400 million or 80.0% spent at year-end out of a 2008 approved cash flow of \$13.0 million. The project has been tendered and awarded and construction will begin shortly enabling the project to be completed in 2008/2009.
- ♦ The *Dufferin Jog Elimination project's* projected expenditures to year-end are expected to be \$14.600 million or 87.1% of a 2008 Approved Budget of \$16.763 million. Construction has been delayed due to design changes; however tenders have been issued and work is proceeding.
- ♦ The *Morningside/Finch Rail Grade Separation project's* estimated expenditures to year-end will be \$17.800 million or 94.9% of a 2008 Approved Budget of \$18.747 million.

Waterfront Revitalization Initiative's capital expenditures for the four months ended April 30, 2008 was \$0.075 million or 0.1% of the 2008 Approved Budget of \$58.050 million.

Council directed in July 2007 that no City funds be released to Waterfront Toronto in 2008 until a comprehensive revenue generation and financing strategy, together with a business and financial plan for achieving Waterfront Revitalization in the Portlands has been completed by Waterfront Toronto and endorsed by the Intergovernmental Steering Committee of senior officials from the 3 orders of government, and the completion of a Memorandum of Understanding between the City and Waterfront Toronto confirming deliverables in 2008 on a project-by-project basis. The documents are expected to be finalized by June 2008.

Nonetheless, Waterfront Toronto has confirmed its intention to spend at least 90% of the 2008 Approved Cash Flow on Waterfront renewal by year-end once the above conditions have been satisfied.

Internal Services

Internal Services' Programs spent \$10.307 million or 7.1% of their 2008 Approved Budget of \$145.211 million during the first four months of 2008. Capital spending for this Cluster will increase to \$119.353 million or 82.2% of the 2008 Approved Budget of \$145.211 million by year-end. Spending performance for Internal Services Programs is summarized below:

Facilities and Real Estate (F&RE) – Facilities and Real Estate spent \$2.013 million or 5.1% of its 2008 Approved Budget of \$39.768 million. The Program is projecting to spend \$36.432 million or 91.6% of its 2008 Approved Budget by year-end. 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 projected spending rate at year-end is in line with those achieved by the Program in recent years.

Financial Services' capital spending for the four months ended April 30, 2008 was \$0.389 million or 3.0% the 2008 Approved Budget of \$12.821 million comprised of the approved budget of \$11.073 million, \$0.525 million in 2006 carry forward funding and \$1.223 million in 2007 carry forward funding. Financial Services' projected expenditures to year-end will be \$9.504 million or 74.1% of the 2008 Adjusted Budget of \$12.821 million by year end.

The projected under-spending to year-end of \$3.317 million is attributed to delays in the following projects initiatives:

- ♦ *Workflow and Document Management and Imaging projects* - Implementation has been temporarily suspended pending clarification of contract terms by Legal Services. As a result, the combined total under spending is projected at \$1.589 million at year end for Accounting and Revenue Services.
- ♦ Due to a slow start in acquiring resources for the *Tax & Water Upgrade project*, under spending is forecasted at \$1.0 million.
- ♦ A hold-up in finalizing Local 79 wage harmonization, which resulted in under-spending in the *Collective Agreement Implementation project* (\$0.390 million);
- ♦ *The Spadina Subway Extension Financing project* is currently delayed by Provincial regulations but the project is expected to be fully spent by year end.

Fleet Services capital spending for the four months ended April 30, 2008 was \$4.984 million or 8.1% of the 2008 Adjusted Budget of \$61.365 million. The 2008 Approved Budget of \$59.201 million has been adjusted to reflect additional carry forward funding from 2007 and prior years of \$5.906 million, and a decrease of \$3.742 million due to the reduction in Fire Services' contributions to the Vehicle and Equipment Reserve arising from the 2007 cost containment measure to reduce the 2007 reserve contribution.

Fleet Services' projected expenditures to year end will be \$46.241 million or 75.4% of its 2008 Adjusted Budget. The projected under-spending of \$15.124 million is primarily due to the projected delivery dates of vehicles with manufacturer build out dates extending beyond 2008 and the strategic delay in the procurement of pick-up trucks in anticipation of the release of the new 2009 full hybrid pick-up truck specifications.

Information and Technology's capital spending for the four months ended April 30, 2008 was \$2.921 million or 9.3% of the 2008 Adjusted Budget of \$31.258 million. The 2008 Approved Budget of \$31.214 million has been adjusted to reflect the additional carry forward funding of \$0.044 million from 2007 into 2008. Information and

Technology's projected expenditures to year end are \$27.126 million or 86.9% of its 2008 Adjusted Budget. The projected under spending of \$4.082 million is primarily due to projects experiencing delays for a variety of reasons. For example:

- ♦ *The Web Development Projects*, which involve the Website Redesign, the Vignette Upgrade, and the Web Portal Infrastructure, are experiencing delays due to the complex process of coordinating the interdependencies of these three projects.
- ♦ *The SAP projects* are being delayed due to prioritization of the SAP five year project plan by the newly established SAP Steering Committee.
- ♦ *The Document Management-Litigation Pilot Project* is currently on hold until the Project Advisory Committee and Legal Services Division resolve some major project issues.
- ♦ *The Electronic Records Mgmt., Information Technology Infrastructure Library, and Enterprise Systems Mgmt. Strategy projects* are all delayed due to resource constraints in Information & Technology, Contract Management Office, Purchasing Materials Management Division and Legal Services.
- ♦ All of the proponents for the *E-mail Archiving Project RFP* failed at the detailed evaluation stage.
- ♦ *Several Strategic Planning and Project Management Office projects* have been delayed until the IT Governance & Transformation rollout has progressed further.

Other City Programs

Other City Programs collectively reported actual expenditures of \$4.673 million or 8.5% of their 2008 Approved Budget of \$54.720 million. Capital spending for this group of Programs will increase to \$53.745 million or 98.2% of the total 2008 Approved Budget by year-end. Spending performance, including explanation of significant variances for Programs within this group is summarized below:

The City Clerk's Office's capital spending for the four months ended April 30, 2008 was \$2.710 million or 33.3% of the 2008 Approved Budget of \$8.150 million. The City Clerk's Office projected expenditures to year end will be \$7.275 million or 89.3% of the 2008 Approved Budget. The projected under-spending is largely due to the purchase of the property for the Print Shop relocation at a lower cost than budgeted. In addition, scheduling adjustments for the Registration Services Tracking System, and Livelink Records Application projects were necessary in order to recruit qualified contractors and to optimize staff resources. Both projects are now scheduled for completion in the first quarter of 2009.

Sustainable Energy Plan - As at April 30, 2008 the Sustainable Energy Plan expenditures were \$1.502 million or 6.5% of the 2008 Approved Budget of \$22.943

million. All previously approved Energy Retrofit Program projects are completed or under construction and spending will increase as work is verified and invoices paid. A number of new projects (energy retrofits of various Children's Services, Emergency Medical Services, Public Health and Exhibition Place facilities) are in the Request for Proposal (RFP) or start up (the Toronto Energy Conservation and Toronto Green Funds projects) stages. It is projected that 100% of the 2008 Approved Budget will be spent by year-end. The Program will revise its projections if necessary, as it gains better understanding of the energy efficiency and renewable energy projects funded from the Toronto Energy and Toronto Green Funds, which pertain not only to the City of Toronto facilities, but also to the Municipal, Academic, School and Hospital (MASH) sector facilities.

The Union Station Project's actual expenditures during the four months ended April 30, 2008 totalled \$0.410 million or 2.0% of the 2008 Approved Budget of \$20.717 million. The 2008 Approved Budget is projected to be fully spent by year-end. Union Station consists of three main components of capital projects: On-going State of Good Repair projects, New State of Good Repair projects as a result of the Building Condition Assessment and Service Improvement Projects.

Spending for the On-going State of Good Repair projects to April 30, 2008, totalled \$0.169 million or 0.8% of the 2008 Approved Budget.

Spending for the New State of Good Repair projects to April 30, 2008, totalled \$0.042 million or 0.2% of the 2008 Approved Budget. The York Street expansion joint project has been delayed due to the co-ordination with GO Transit's work on the train tracks; design work on the Interior Finishes project is 75% complete and construction will begin in the second quarter.

Spending for the Service Improvement Projects total \$0.198 million or 1% of the 2008 Approved Budget. Design work for the Union Station Security project is 95% complete. The tendering will be conducted in June, 2008 and the awarding of the contracts will be done in the third quarter. The Loading Dock project has been delayed due to the co-ordination with GO Transit's work on the train tracks but is expected to be completed by year end.

The Radio Communication System Replacement Project's capital expenditures for the period ended April 30, 2008 totalled \$0.018 million or 4.0% of the 2008 Approved Budget of \$0.450 million. This approved budget does not include additional carry forward funding of \$0.023 million. When adjusted, the 2008 Approved Budget will be \$0.473 million. It is presently forecasted that the 2008 Approved Budget will be 100 % spent at year-end.

Climate Change capital expenditures for the four months ended April 30, 2008 totalled \$0.033 million or 1.3% of its 2008 Approved Budget of \$2.460 million. It is projected that expenditures will increase to \$2.360 million or 95.9% of the 2008 Approved Budget by year-end.

The major expenditures in 2008 include the following;

- ♦ *Live Green Toronto* - \$0.034 million or 2.3% of the 2008 Approved Budget for this project is spent. The Program expects to spend \$1.5 million or 100% of the 2008 Approved Budget. Live Green Toronto was launched on May 24, 2008 at the Green Toronto Festival and the RFP for the Community Animators was released mid-May.
- ♦ *Climate Change Adaptation* - \$0.350 million or 100% is projected to be spent at year-end. Progress is ongoing and implementation of strategy is being guided by the release of the public document entitled "Ahead of the Storm."

Agencies, Boards and Commissions (ABCs)

Collectively, Agencies, Boards and Commissions spent \$164.419 million or 14.1% of the 2008 Approved Budget of \$1.170 billion during the four-month period ended April 30, 2008. Capital spending for ABCs will increase to \$1.805 billion or 89.1% of the 2008 Approved Budget by year-end. Spending performance, including explanations of significant variances for individual ABCs is summarized below:

As at April 30, 2008, *Exhibition Place* capital expenditures totalled \$0.899 million or 1.5% of the 2008 Approved Budget of \$59.830 million. Projected expenditures to year-end are estimated to be \$44.541 million or 74.4% of the 2008 Approved Budget. Underspending is primarily attributed to the Conference Centre which represents 77.0% of the Exhibition Place 2008 Approved Budget. The projected year-end expenditure for the Conference Centre will be \$30.577 million or 67% of an approved budget of \$45.866 million.

Go Transit's 2008 Approved Budget is \$20.000 million. The City paid \$20.000 million or 100% of its 2008 contribution toward GO Transit growth capital expenditures in the four months ended April 30, 2008.

The Toronto and Region Conservation Authority (TRCA) received \$2.006 million or 33.3% of its 2008 Approved Budget of \$6.018 million from the City of Toronto during the four months ended April 30, 2008. TRCA anticipates that the entire 2008 Approved Budget will be spent by year end.

Toronto Police Service's capital expenditures for the four months ended April 30, 2008 totalled \$11.145 million or 11.0% of the 2008 Approved Budget of \$101.479 million. The Program's projected actuals to year-end are anticipated to be \$95.506 million or 94.1% of the 2008 Approved Budget. The majority of the Program's projected year-end underspending is attributed to the following projects;

- ♦ *The New Training Facility* project is projected to spend \$41.0 million or 95.5% of the 2008 Approved Budget of \$42.933 million by year-end. The projected underspending is the result of delays in construction due to a combination of labour disruptions in June 2007, earlier-than-expected winter conditions in 2007 and heavy

snow falls in 2008. As a result, substantial completion of construction is projected to be approximately nine weeks behind schedule; and,

- ♦ *The Servers* – Lifecycle Plan project is projected for expenditures of \$1.334 million or 47.5% of the 2008 Approved Budget of \$2.810 million by year-end. The projected 2008 under spending offsets this project's accelerated progress in 2007, where it utilized \$1.476 million in funds intended for 2008. These funds are no longer available in 2008 and will show as an under expenditure.

Toronto Public Health (TPH) spent \$0.634 million or 13.7% of its 2008 Approved Budget of \$4.624 million during the first four months of the year. It is projected that 81.1% or \$3.749 million of the approved budget will be spent by year end. The underspending is attributed to the following projects:

- ♦ delayed hiring of IT staff for two capital projects, Dental Strategy and Implementation and HF/HL Mandatory Management Reporting;
- ♦ changes in provincial project timeline for the Public Health Surveillance & Management System project; and,
- ♦ delays in completing privacy/security related contracted services for the Personal Health Information Protection Act (PHIPA) Compliance System project.

Toronto Public Library (TPL) spent \$3.151 million or 16.0% of its 2008 Approved Budget of \$19.715 million. This spending rate is consistent with prior years. TPL projects that the 2008 Approved Budget will be fully spent by year-end, after budget adjustments to reallocate funds between the following projects as outlined in Appendix 2:

- ♦ Construction of the *Dufferin/St. Clair Neighbourhood Library Renovation* is proceeding ahead of schedule and anticipated to be completed in the third quarter of 2008. It is recommended that cash flow of \$0.471 million be accelerated for the Dufferin/St. Clair Neighbourhood Library from 2009 and offset by a cash flow deferral for the Cedarbrae and Brentwood Library projects. The construction tender for the Cedarbrae Library project was delayed due to unexpected site plan approval requirements, while public consultation and schematic design is not expected to be complete until Fall of 2008 for the Brentwood Library project, resulting in a delay in construction.
- ♦ Construction of the *Bloor/Gladstone project* will be almost completed by the end of 2008. It is recommended that cash flow of \$0.431 million be accelerated for the Bloor/Gladstone project from 2009 and offset by a cash flow deferral for the West Waterfront project. The West Waterfront project has been delayed due to the ongoing discussion with the Toronto Community Housing Corporation (TCHC) to obtain a site agreement.

- ♦ Construction of the *S. Walter Stewart project* is near completion and the branch is scheduled to re-open on May 29, 2008. It is recommended that cash flow of \$0.129 million be accelerated for the S. Walter Stewart project from 2009 and offset by a cash flow deferral for the Cedarbrae Library project. The construction tender for the Cedarbrae Library project is not anticipated to be awarded until late summer 2008 due to unexpected site plan approval requirement.

Toronto Transit Commission's (TTC) 2008 Approved Capital Budget of \$927.345 million (including \$173.874 million carried-forward from 2007 and including the Toronto York Spadina Subway Extension and Transit City projects) was \$124.9 million or 13.5% spent as at April 5, 2008. The TTC is currently addressing the unspecified reduction of \$59.085 million included in the 2008 Approved Capital Budget and it is anticipated that the TTC's spending will be within the 2008 Approved Capital Budget.

The 2008 Approved Budget for **Yonge-Dundas Square (YDS)** is \$0.100 million of which \$0.005 million was spent by April 30, 2008. The YDS Replacement Steel Grating project is expected to be completed and fully spent by year-end.

Toronto Zoo capital expenditures totalled \$1.375 million or 9.5% of its 2008 Approved Budget of \$14.508 million. A majority of the 2008 planned projects are underway and expected to be completed by the end of the year. The Program is projecting expenditures of \$14.268 million or 98.3% of the 2008 Approved Budget at year-end. The projected year-end under-spending of \$0.240 million is attributed to a slight delay in completing the design and tendering of the African Rainforest Refurbishment.

Sony Centre for the Performing Arts spent \$0.303 million or 2.4% of its 2008 Approved Budget of \$12.5 million. The reason for the projected under spending is that construction for the redevelopment of the *Sony Centre* project is expected to commence in the Fall of 2008. The Program expects to spend the entire 2008 Approved Budget by year-end."

Rate Supported Programs:

For the four months ended April 30, 2008, Rate Supported Programs spent \$28.713 million or 6.6% of their 2008 Approved Budget of \$436.746 million. Projected spending to year end will be \$355.388 million or 81.4% of the 2008 Approved Budget.

Toronto Water 2008 Approved Capital Budget of \$410.0 million was 6.5% or \$26.691 million spent as of April 30th, 2008. Actual expenditures by year-end are anticipated to be \$328.642 million or 80% of the 2008 Approved Budget. The high rate of committed cash flow for 2008 is a result of construction proceeding on several large projects. Many contracts initiated in 2007 are now fully underway and will be completed by the end of 2008. Contract awards to the end of April include \$62.0 million in 2008 cash flow as compared to \$47.0 million compared to this time in 2007. Extended snowfall limited construction work in the early part of the year; however it is anticipated that the second quarter for 2008 will show accelerated spending as 2007 contracts are completed.

Toronto Parking Authority capital expenditures for the four months ended April 30, 2008 was \$2.022 million or 7.6% of the 2008 Approved Budget of \$26.746 million. Implementation for most of the construction projects is on schedule since a majority were planned to commence towards the end of the first quarter and into the second quarter of 2008. Suitable sites are still being sought for the new car-park projects. The Authority projects that it will spend 100% of the 2008 Approved Budget by the end of the year.

Technical and In-year Budget Adjustments – Appendix 2:

3-1-1 Customer Service Strategy:

3-1-1 Customer Service Strategy requires a technical adjustment to change a source of 2007 carry forward funding from Debt to Capital from Current (CFC) to show the correct funding source as the debt funding was entered in error.

Economic Development, Culture and Tourism:

Two priority projects, Canstage Capital Maintenance project (\$0.150 million) and Market Gallery project (\$0.100 million) will be accelerated from 2009 to 2008 with an offsetting deferral of the Lorraine Kimsa Theatre project (\$0.250 million) from 2008 as it cannot start until 2009 due to the need to close for noisy construction work, with no incremental impact on the Approved Capital Budget and Plan.

Policy, Planning, Finance and Administration:

Emergency Repairs at Various Locations - Replacement of the garage door is no longer required at 1401 Castlefield Avenue and progress on the Designated Substance Survey has been slower than anticipated. As a result cash flow of \$0.090 million will be reallocated to Emergency Repairs at various locations in order to accelerate projects that are ready to proceed in 2009.

Facilities and Real Estate:

Several of Facilities and Real Estate's multi year projects are proceeding ahead of schedule. In order to offset the accelerated funding requirements for those projects, several other projects proceeding slower than scheduled have been deferred. The recommended budget adjustments have no incremental gross/debt impact on the 2008 Approved Budget for Facilities and Real Estate.

In addition, a technical adjustment is required to increase the Section 37 and Section 42 funding for the 519 Church Street Community Centre project, offset with an equivalent decrease in cash donations, with no impact on total project costs, due to the fact that additional developers' contributions were received subsequent to the project approval.

Fleet Services:

Vehicles and Equipment Replacement - Cash flow of \$3.742 million will be deferred to future years due to the reduction in Fire Services' contributions to the Vehicles and Equipment Reserve resulting from the implementation of their 2007 cost containment measures. This will ensure that the Program's capital for Fleet Replacement will be matched to the contribution to Vehicle and Equipment Reserve.

Waterfront Revitalization Initiative:

City Council at its meeting on July 25, 26, 27, 2006 approved that one time proceeds from the divestiture of the City's investment in Toronto Hydro Corporation Promissory Note be contributed to a newly created Strategic Infrastructure Reserve Fund the purpose of which is to fund the City's major tax-supported strategic infrastructure programs such as the waterfront redevelopment in partnership with other orders of government. The CFO directed, during the 2008 Waterfront Revitalization Capital Budget submission Administrative Review meeting, that the funding source for all Waterfront Revitalization Initiative sub-projects carried forward from 2006 be changed to Strategic Infrastructure Reserve Fund in line with Council's approval. A budget adjustment of \$114,000 is required to reflect the change in funding source for this project.

Toronto Public Library:

Dufferin / St. Clair Neighbourhood Library Renovation Capital Project - Construction of the Dufferin/St. Clair Neighbourhood Library renovation capital project is proceeding ahead of schedule and anticipated to be completed in the third quarter of 2008. Cash flow of approximately \$0.471 million will be accelerated from 2009, offset by a cash flow deferral for the Brentwood reconstruction project (\$0.100 million) and the Cedarbrae renovation project (\$0.371 million) to 2009.

Bloor / Gladstone District Library Renovation Capital Project - Construction of the Bloor / Gladstone District Library renovation capital project is expected to be substantially completed by the end of 2008. Cash flow of approximately \$0.431 million will be accelerated from 2009, offset by a cash flow deferral for the West Waterfront construction project (\$0.431 million) to 2009.

S. Walter Stewart District Library Renovation Capital Project - Construction of the S. Walter Stewart District Library renovation capital project is near completion and the branch is scheduled to re-open by May 29, 2008. Cash flow of approximately \$0.129 million will be accelerated from 2009, offset by a cash flow deferral for the Cedarbrae Library project (\$0.129 million) to 2009.

Toronto Transit Commission (TTC):

The Toronto Transit Commission (TTC) is requesting a reallocation of \$0.533 million from CCT035 Sheppard Subway (RTEP) to CCT110 Other Buildings and Structures. A

reallocation was made by Council at its meeting of December 11, 12 and 13, 2007 in order to accelerate the settlement of a claim which had been budgeted in 2008 so that it could be paid before year-end 2007. Since this claim was paid in 2007, the 2008 funding will not be needed in the Sheppard Subway project and must be reallocated to the Other Buildings and Structures project.

A reallocation of \$4.0 million from the CTT136 Geospatial Initiatives project to CTT125 Intelligent Transportation and Technical Systems project is also recommended. The (TTC) is requesting a reallocation of \$4.425 million from CTT137 Station Modernization Program to CTT010 Finishes – Various projects. These reallocations are required to consolidate these projects.

The Toronto Transit Commission (TTC) is requesting a reallocation of \$0.619 million from CCT110 Other Buildings to CTT010 Finishes – Various. This reallocation is required in order to accommodate an increased project cost of the Bay Station Cumberland Entrance Improvements.

The Toronto Transit Commission is requesting approval to transfer from the Provincial Gas Tax Revenues for Public Transit Reserve Fund (XR3018) to TTC capital funding the remainder of provincial gas tax funding exceeding the \$91.6 million allocated to operating.

In total, these budget and technical adjustments do not change the TTC's 2008-2012 Approved Capital Plan. There is no financial impact (gross/debt) of these changes.

Union Station Revitalization:

At its meeting of December 11, 2007, City Council approved the report entitled 'Union Station Revitalization – Recommended Approach Supplementary Report', which amended the cash flow for Union Station's 2008 – 2012 Capital Plan. As a result of the cash flow amendments, the total project costs and commitments need to be adjusted, resulting in no debt change to the five year program. The total project costs need to be adjusted to: increase the total project cost for the Heritage and Revitalization Fees project in the amount of \$0.986 million; the Exterior Façade Repairs project, in the amount of \$0.258 million and the Replace Pedestrian Bridges project in the amount of \$1.500 million. Accordingly, the following project costs should be decreased for the following projects: Mechanical and Electrical project, in the amount of \$1.239 million; Interior Finishes project, in the amount of \$0.888 million and Replace Expansion Joint Phase 3 project in the amount of \$0.617 million.

The future year commitments also need to be increased by \$3.021 million, as detailed in Appendix 3 entitled "Adjustment to Future Year Commitments."

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SIGNATURE

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ATTACHMENTS

- Appendix 1 - Consolidated Capital Variance Report, for the Four Months ended April 30, 2008
- Appendix 2 - Budget and Technical Adjustments
- Appendix 3 - Adjustment to Future Year Commitments - Union Station