

**Transportation Services -  
Mid-Construction 2008 Cash Flow Reallocations and  
Deferrals**

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| <b>Date:</b>             | September 4, 2008                        |
| <b>To:</b>               | Budget Committee                         |
| <b>From:</b>             | General Manager, Transportation Services |
| <b>Wards:</b>            | All Wards                                |
| <b>Reference Number:</b> | P:\2008\ClusterB\tra\tim\bc08018tim      |

**SUMMARY**

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The Transportation Services Division submitted a report dated June 2, 2008 to the Budget Committee recommending the reallocation of anticipated cash flow expenditures from 2008 projects that, for various reasons, needed to be deferred to other projects that were ready to proceed. (Executive Committee Report No. EX22.33 adopted by City Council at its meeting held on July 15, 16 and 17, 2008).

As with the previous reports, additional 2008 cash flows are needed to be realigned to other program areas that are ready to proceed. This involves the deferral of 2008 approved cash flows along with a corresponding acceleration and increase within other Transportation Services Capital Budget items that yield a zero net impact on the approved debt target for 2008. The cumulative impact on project costs resulting from the cash flow reallocations approved by City Council on July 15, 16 and 17 and recommended in this report is \$19.332 million. An equivalent amount of project costs will be either funded from other sources or there will be an offsetting reduction in future year project costs. In view of the foregoing, Transportation staff, as part of the upcoming 2009 budget process and consistent with the Divisional submission, has reassessed all ongoing and imminent project cash flows and all available funding sources in order that the increase in project costs will have no net impact on the approved five year debt targets for Transportation Services.

## **RECOMMENDATIONS**

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### **The General Manager of Transportation Services recommends that:**

1. the deferred and accelerated cash flows in the amount of \$6,100,000 detailed in Table 1, attached, which will have no net impact on the approved 2008 approved debt, be approved;
2. the General Manager, Transportation Services Division, be requested to report back to the Budget Committee as part of the 2009 Capital Budget process, on a revised ten year capital plan; and
3. the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

### **Financial Impact**

Funding in the amount of \$6,100,000 will be decreased and deferred from various projects for a number of reasons, as outlined in the body of this report. In this regard, an equivalent cash flow can be accelerated, increased 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 2008 net debt funding requirement. The cumulative financial impact on project costs resulting from the cash flow reallocations approved by City Council on July 15, 16 and 17 along with those recommended in this report is \$19.332 million.

Transportation Services staff, as part of the upcoming 2009 budget process and consistent with the Divisional submission, has reassessed all ongoing and imminent project cash flows and all available funding sources in order that the increase in project costs will have no net impact on the approved five year debt targets for Transportation Services.

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

## **COMMENTS**

There has been an increase in project costs as well as opportunities that allow for the advancement of various contemplated 2009 programs this year. For the Transportation Services Division, this means that a re-allocation of approved cash flows will be required to facilitate the acceleration and increase in costs of those projects that are essentially ready to proceed. In this regard, the Division is seeking approval for the reallocations of approved 2008 gross cash flows as shown in Table 1, 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 implementation of a revised work plan and reduced level of funding for the rehabilitation of the elevated portion of the easterly F. G. Gardiner Expressway, as a result of the Environmental Assessment for the possible dismantling of this elevated structure, which staff has been directed by City Council to undertake;
- Recent state of good repair type projects; namely bridge rehabilitation and the various road works contracts have yielded higher than expected tender prices due to higher than anticipated fuel/oil prices;
- The property acquisitions in connection with the North Yonge Service Road project and construction of a portion of the east-leg are ready to proceed;
- Better than expected prices for works on the Don Valley Parkway were received during the year; and
- Several traffic control capital projects have been deferred to 2009 that will be grouped with other planned works in future years and moved to multi-year contracts.

The Transportation Services Division will be submitting a revised five and ten 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 2008 and each of the remaining years of the five and ten year capital submissions.

## **CONTACT**

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## **ATTACHMENTS**

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