

June 17, 2008

To: Executive Committee

From: Budget Committee

Subject: Transportation Services - Early Construction 2008 Cashflow Reallocations and Deferrals

**Recommendations:****The Budget Committee recommended to the Executive Committee that:**

- 1. City Council approve the deferred and accelerated cash flows in the amount of \$28,020,000 detailed in Table 1 attached, which will have no net impact on the 2008 approved debt.**
- 2. The appropriate City officials be authorized and directed to take the necessary action to give effect thereto.**

**Background:**

The Budget Committee on June 17, 2008, considered a report (June 2, 2008) from the General Manager, Transportation Services, entitled "Transportation Services - Early Construction 2008 Cashflow Reallocations and Deferrals".

for City Clerk



## STAFF REPORT ACTION REQUIRED

### Transportation Services - Early Construction 2008 Cashflow Reallocations and Deferrals

<b>Date:</b>	June 2, 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\bc08012tim

#### SUMMARY

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The Transportation Services Division submitted three reports in 2007 dated May 30, June 22, and September 5, 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. As with the previous reports, 2008 cash flows are needed to be realigned to other capital program areas that are ready to proceed. This involves the deferral of 2008 approved cash flows and a corresponding acceleration of others that yield a zero net impact on the approved debt target for 2008. In view of the foregoing, Transportation staff, as part of the upcoming 2009 budget process and consistent with the pending divisional submission, will reassess all ongoing and imminent project cash flows so that approved five year debt targets will not be altered.

#### RECOMMENDATIONS

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The General Manager of Transportation Services recommends that:

1. the deferred and accelerated cash flows in the amount of \$28,020,000 detailed in Table 1, attached, which will have no net impact on the approved 2008 approved debt, be approved;
2. the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

#### Financial Impact

Funding in the amount of \$28,020,000 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 2008 net debt funding requirement.

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. The intent was 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 (Agenda item PW7.6). 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 and process.

## COMMENTS

Opportunities currently exist that will allow for the advancement of various contemplated 2009 capital projects 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 2008 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 some of the reallocations, by capital project, includes the following:

- The timing of some of 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 and, as such, funds can be accelerated to accommodate same;
- The commencement of major structural work required for the Dufferin Jog project has been delayed by a few months to better coordinate neighbourhood improvements immediately adjoining site. Additional nominal improvements to the structure itself will also be coordinated this year. The project is expected to be substantially completed in 2009;
- The 2008 portion of work on the Morningside / Finch project has proceeded much faster than anticipated and accordingly excess approved funding can be reallocated to other capital projects ;
- Approximately 80% of the regenerative air street sweepers will be procured this year and the remaining delivery is expected in early 2009;
- Recent state of good repair type projects; namely bridge rehabilitation and the various road works contracts have yielded higher than expected tender prices due higher than anticipated fuel/oil prices. These projects are ready to proceed and as such funds will be re-allocated to these areas.

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 2008 and each of the remaining years of the five-year capital plan.

## **CONTACT**

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## **ATTACHMENTS**

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