

**Transportation Services -
2009 Cash Flow Reallocations and Deferrals**

Date:	May 7, 2009
To:	Budget Committee
From:	General Manager, Transportation Services
Wards:	All Wards
Reference Number:	P:\2009\ClusterB\tra\tim\bc09008tim

SUMMARY

The Transportation Services Division submitted two reports in 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. As with the previous reports, 2009 cash flows are needed to be realigned to other program areas that are ready to proceed. This involves the deferral of 2009 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 2009.

The impact on project costs resulting from the cash flow reallocations is an increase of \$2,750,000 million. An equivalent amount of project costs will either be 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 2010 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

The General Manager of Transportation Services recommends that:

1. the deferred and accelerated cash flows in the amount of \$12,750,000 detailed in Table 1, attached, which will have no net impact on the approved 2009 approved debt, be approved;

2. the General Manager, Transportation Services Division, be requested to report back to the Budget Committee as part of the 2010 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 \$12,750,000 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 2009 net debt funding requirement. Transportation Services staff, as part of the upcoming 2010 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

COMMENTS

There is an opportunity that allows 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 2009 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:

- A multitude of state of good repair type projects; namely major road reconstruction and local road reconstruction works are ready to proceed save for the lack of funds;
- A bridge that was contemplated to commence this year at the foot of Bathurst Street requires a redesign such that anticipated cash flows will not be needed until 2010;
- Two bridge structures (westbound LakeShore over the Gardiner Expressway and Jameson over the Gardiner) were planned with a tender date of November 2009. Amendments to the traffic staging plans for the area now necessitates a December/January tendering and as such, the 2010 program will be modified to accommodate these structures; and
- The Salt Management program will be accelerated to include the rehabilitation of two new snow dump facilities.

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 2009 and each of the remaining years of the five and ten year capital submissions.

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ATTACHMENTS

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