

Capital Variance Report for the Nine-Months Ended September 30, 2009

Date:	October 26, 2009
To:	Budget Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	P:\2009\Internal Services\FP\Bc09020Fp (AFS #10355)

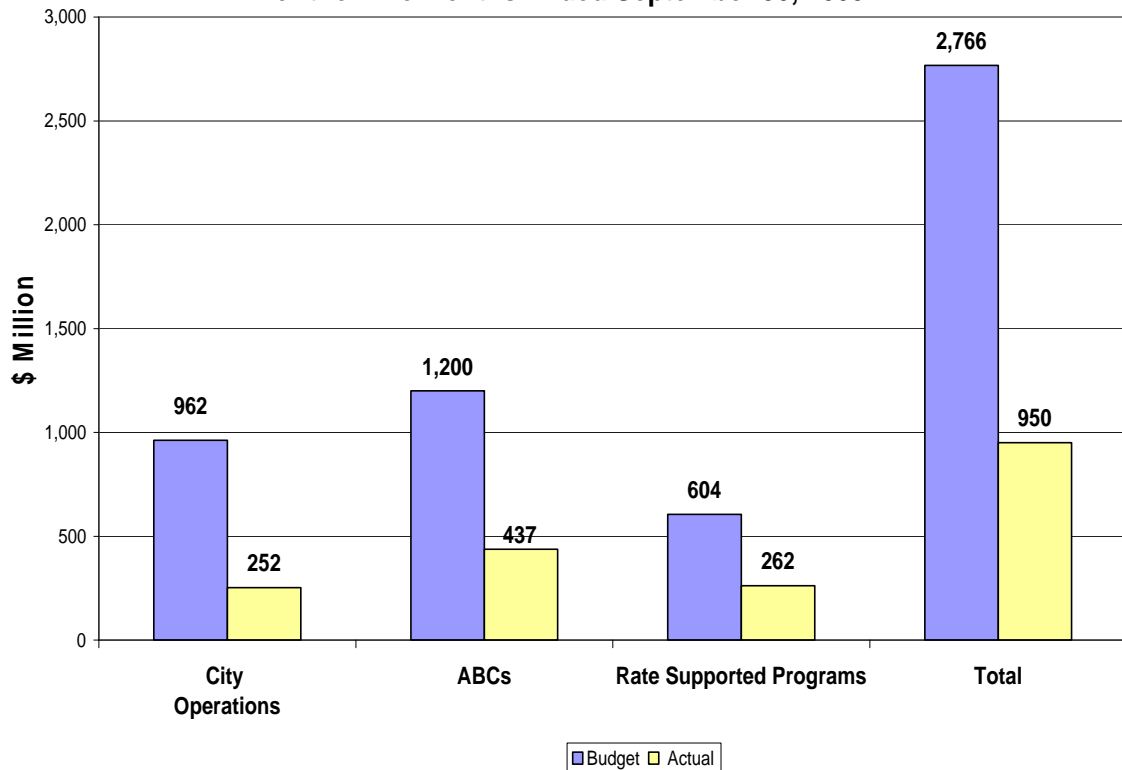
SUMMARY

The purpose of this report is to provide the City of Toronto 2009 Capital Variance for the nine months ended September 30, 2009 and projected actual expenditures to December 31, 2009. Furthermore, the report seeks Council's approval for in-year adjustments and additional 2008 carry-forward funding.

Capital expenditures for the Nine months ended September 30, 2009 totalled \$950.184million or 34.4% of the 2009 Approved Capital Budget of \$2.766 billion. Tax Supported Programs spent \$688.579 million, representing 31.9% of their collective 2009 Approved Capital Budget of \$2.162 billion (see Appendix 1). City Operations spent \$251.881 million or 26.2% of the 2009 Approved Capital Budget of \$961.548 million; while Agencies, Boards and Commissions (ABCs) spent \$436.699 million or 36.4% of their collective 2009 Approved Capital Budget of \$1.2 billion. In total, Rate Supported Programs spent \$261.604 million or 43.3% of their 2009 Approved Capital Budget of \$604.310 million (see Chart 1). The under spending is primarily attributed to completion of projects under budget, delays in acquiring appropriate sites, delays in receiving funds from cost-sharing partners and the impact of labour disruption

As detailed in Appendix 1, projected actual expenditures to year-end are estimated at \$1.902 billion or 68.7% of the total 2009 Approved Capital Budget of \$2.766 billion. Tax Supported Programs project a spending rate of 67.5 to year-end; while Rate Supported Programs project spending of 73.3% of their total 2009 Approved Capital Budget.

Chart 1
2009 Capital Budget Vs. Actual Expenditures
for the Nine Months Ended September 30, 2009



In accordance with the City's Carry Forward Policy, this report requests Council's approval to carry forward funds for unspent 2008 approved capital projects not previously identified and included in the 2009 Approved Capital Budget. The additional carry forward funding request totals \$1.835 million as detailed in Appendix 3.

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RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. Council approve in-year adjustments to the 2009 Approved Capital Budget as detailed in Appendix 2.
2. Council approve additional carry forward funding for 311 Customer Service Strategy and Financial Services for unspent 2008 capital projects totalling \$1.835 million as detailed in Appendix 3, in order to continue work on 2008 approved capital projects.
3. The Budget Committee forward this report to the Executive Committee for its consideration.

FINANCIAL IMPACT

As summarized in Table 1 below, for the nine months ended September 30, 2009, actual expenditures for Tax Supported Programs totalled \$688.579 million or 31.9% of the 2009 Approved Capital Budget of \$2.162 billion. Rate Supported Programs spent \$261.604 million or 43.3% of their 2009 Approved Capital Budget of \$604.310 million. Projected spending rates to year-end will approximate 67.5 % of the 2009 Approved Capital Budget for Tax Levy Programs and 73.3% for Rate Supported Programs.

Table 1 Corporate Capital Variance Summary for the Nine Months Ended September 30, 2009 (\$000s)					
	2009 Approved Budget	Actual Expenditures - January 1 to September 30, 2009		Projected Actual to Year-End	
		\$000	%	\$000	% of Plan
Tax Supported Programs:					
Citizen Centred Services - "A"	209,449	56,821	27.1	134,613	64.3%
Citizen Centred Services - "B"	459,583	116,887	25.4	348,674	75.9%
Internal Services	196,554	52,009	26.5	139,322	70.9%
Other City Programs	95,962	26,164	27.3	72,549	75.6%
Agencies, Boards & Commission	1,200,189	436,699	36.4	763,490	63.6%
Total - Tax Supported	2,161,737	688,579	31.9	1,458,648	67.5%
Rate Supported Programs:					
Toronto Parking Authority	30,495	6,934	22.7	13,917	45.6%
Solid Waste Management	69,577	11,984	17.2	43,736	62.9%
Toronto Water	504,238	242,687	48.1	385,083	76.4%
Total Rate Supported	604,310	261,604	43.3	442,736	73.3%
Total	2,766,047	950,184	34.4	1,901,384	68.7%

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 on a quarterly basis in order to provide information on how the approved capital works program is progressing, and on an exception basis, to identify issues that require direction and/or decisions from Council. The report details capital spending performance for the nine-months ended September 30, 2009. It identifies factors that negatively impact capital spending plans and, where relevant, proposes appropriate corrective action.

COMMENTS

At its meeting of December 10, 2008, Council approved a 2009 Tax-Supported Capital Budget of \$1.637 billion and on November 6, 2008, Council approved a 2009 Rate-Supported Capital Budget of \$514.223 million for a total Tax and Rate-Supported 2009 Capital Budget of \$2.151 billion. The 2009 Rate-Supported Capital Budget consists of \$429.838 million for Toronto Water, \$27.930 million for Toronto Parking Authority and \$56.455 for Solid Waste Management. Including additional 2008 carry forward funding, the 2009 Adjusted Capital Budget is \$2.766 billion. Capital spending performance for each Program, Agency, Board and Commission (ABC) for the period ending September 30, 2009 is discussed below.

At its meeting of August 5, 2009, City Council approved Budget Committee's recommendation to include State of Good Repair (SOGR) analysis for current and previous year with the Quarterly Capital Variance report. Appendix 1.1 presents spending performance for SOGR projects by City Program, and ABC. The SOGR spending rate for City Programs, Agencies, Boards and Commissions is discussed within their respective sections below.

CAPITAL VARIANCE BY CITY PROGRAM / ABC

Citizen Centred Services "A"

For the nine months ended September 30, 2009, actual capital expenditures for this Cluster totalled \$56.821 million or 27.1% of the 2009 Approved Capital Budget of \$209.449 million. Capital spending for Citizen Centred Services "A" is expected to increase to \$134.613 million or 64.3% by year-end. Capital spending performance, including explanations of significant under-spending for Programs within this Cluster is summarized below:

Citizen Centred Services "A"				
Q3 2009 Capital Variance (\$ Million)				
	September 30, 2009		Projected 2009 Year-End Spending	
	Over/(Under)	% of Budget	Over/(Under)	% of Budget
311 Customer Service Strategy	(10.8)	41.0	(7.2)	60.8
Children's Services	(10.6)	4.7	(6.6)	40.8
Court Services	(1.2)	64.2	(0.9)	75.0
Economic Development & Tourism	(16.9)	22.1	(6.8)	68.5
Emergency Medical Services	(5.7)	39.4	(2.3)	75.0
LTCHS (Homes for the Aged)	(7.0)	39.3	(1.7)	85.0
Parks, Forestry & Recreation	(91.5)	24.7	(45.0)	63.0
Shelter, Support and Housing Administration	(5.4)	35.0	(2.9)	65.2
Toronto Employment and Social Services	(3.5)	14.2	(1.4)	65.9
Sub-Total	(152.6)	27.1	(74.8)	64.3

311 Customer Service Strategy's actual expenditures for the nine months ended September 30, 2009 totalled \$7.531 million or 41% of its 2009 Approved Capital Budget of \$18.380 million. It is projected that \$11.172 million or 60.8 % of the 2009 Approved Capital Budget will be spent by year-end. Project timelines have been adjusted to reflect the impact of the labour disruption. 311 Toronto was launched on September 24, 2009. The remaining 2009 funds will be carried over into early 2010 to complete Phase II.

The 311 Customer Service Strategy Program's capital projects are all categorized as Service Improvement projects. The spending rate for the same period of 2008 was 24.9% of its 2008 Approved Capital Budget of \$26.577 million, while the spending rate at year-end was 51.4% or \$13.661 million.

Children's Services spent \$0.524 million or 4.7% of its 2009 Approved Capital Budget of \$11.144 million during the nine months ended September 30, 2009, and is projecting a year-end spending rate of 40.8% or \$4.551 million. Excluding the Provincial \$4.0 million subsidy for the Health and Safety Playground project, the year-end spending rate is anticipated be 63.7%. Spending highlights include the following:

- *Health and Safety Playground*, with an approved cash flow of \$5.0 million is projected to be under-spent by \$4.0 million, as the Provincial funding contribution of \$4.0 million or 80% will not be received; the City portion of \$1.0 million or 20% will be fully spent by year-end.
- The *New Child Care Centres* projects, with an approved cash flow of \$5.255 million, are projected to be under-spent by \$2.563 million, with projected spending of \$1.369 million for Thomas Berry; \$0.923 million for *Thorncliffe Park Centre*; \$0.200 million for Chester Le; and \$0.200 million for *St Andrew*. The two projects with significant under spending, *Chester Le* and *St Andrew*, with projected under-spending of \$2.363 million, have been delayed due to the ongoing negotiations with the school boards; both sites are now awaiting building permit approvals, with construction to begin in 2010.

- The *118 Enderby Child Care Centre*, with an approved cash flow of \$0.050 million is projected to spend \$0.020 million by year-end, with completion scheduled for 2010.

The 2009 *State of Good Repair* (SOGR) budget for Children's Services is comprised of one project, the Municipal Child Care Centres SOGR with a budget of \$0.300 million. Due to delays arising from the labour disruption, there has been no spending at the end of the third quarter; this project will be fully spent by year-end, as repair work in the child care centres is well underway. For 2008, the SOGR budget was comprised of \$0.300 million for the Municipal Child Care SOGR, with \$0.039 million spent at the end of September 2008, and the year-end spending was \$0.299 million, for a spending rate of 99.7%.

Court Services spent \$2.196 million or 64.2% of its 2009 Approved Capital Budget of \$3.418 million during the nine months ended September 30, 2009. All projects are funded from the Provincial Offences Court Stabilization Reserve, and have no impact on the City's debt.

While all the leasehold facility improvement projects are near completion and five out of six courtrooms are already built, Court Services is projecting that \$2.565 million or 75% of its 2009 Approved Capital Budget will be spent by year-end. The unspent amount of \$0.853 million is attributable to the POA Application Development project. Of the \$0.853 million unspent, only \$0.353 million in funding will be carried forward into 2010 (required for the completion of Phase 2 of the Court Administration Records system including collections tracking software and IVR payment services), as \$0.500 million for the alternative dispute resolution for parking tickets is no longer required.

Economic Development, Culture & Tourism spent \$4.775 million or 22.1% of its 2009 Approved Capital Budget of \$21.649 million during the first nine months of 2009. Capital spending is expected to reach \$14.827 million or 68.5% of the 2009 Approved Capital Budget by year-end. The projected year-end under-spending is mainly due to the following projects:

- *Fort York Adding New Buildings (\$0.617 million)* project has been delayed as a result of the complexity of the purchasing process, which required a two stage competition for the new cultural centre. Work on all RFPs for this project was delayed by the 2009 labour disruption.
- The *Guild Revitalization (\$0.770 million)* project has been delayed due to negotiations with the investment partner. The economic downturn in 2009 impacted the ability of the partner to secure investment and an agreement to proceed. Cultural Services has undertaken some of the work identified as a City obligation, such as remediation of environmental hazards. A decision has been made to commence state of good repair for stabilization in advance of a final deal with the City's partner.

As at September 30th, 2009, the Program spent \$3.292 million or 24.8% of the \$13.268 million approved cash flow for *State of Good Repair* projects. The spending rate in the

same period of last year was 65%. Year-end spending is projected to be \$10.164 million or 76.6% of the 2009 approved cash flow. The projected year-end SOGR under-spending is mainly due to the *John St. Roundhouse* 2009 (\$0.500 million) project, which is delayed due to the seasonal nature of the landscaping work.

Emergency Medical Services' (EMS) capital expenditures for the nine months ended September 30, 2009 totalled \$3.680 million or 39.4% of its 2009 Approved Capital Budget of \$9.333 million. The Program's projected actual expenditures to year-end are expected to be \$7.0 million or 75.0% of its 2009 Approved Capital Budget. The projected year-end under spending of \$2.332 million is mainly attributable to four projects:

- Signing of construction contracts were behind schedule, which, when combined with the recent labour disruption, has delayed the commencement of the reconstruction projects for *Stations 17 and 18* (\$0.875 million);
- Contract negotiations, in consultation with IT's Contract Management Office, took longer than expected, thus delaying the implementation of *Phase 2 of the Central Ambulance Communication Centre (CACC) and Systems Redesign* project to early 2010 (\$0.825 million);
- the *Emergency Power Supply* project is anticipated to be completed under budget by \$0.088 million; and,
- Structural design changes for some stations will delay the completion of *the Asset Management and Station Refurbishment* projects into 2010 (\$0.298 million).

State of Good Repair (SOGR) projects comprise 91.1% or \$8.505 million of the 2009 Approved Capital Budget of \$9.333 million. SOGR actual expenditures for the 9 months ended September 30, 2009 total \$3.283 million or 38.6% of the 2009 SOGR approved cash flow, an improvement over the 29.0% spending rate during the same period in 2008. Of the total \$2.332 million under expenditure, \$2.137 million in 2009 funding will be carried forward into 2010 for state of good repair projects.

Long-Term Care Homes & Services (LTCHS) spent \$4.547 million or 39.3 % of its 2009 Approved Capital Budget of \$11.584 million during the first nine months of 2009. Contracts amounting to \$10.050 million or 87.0% of the 2009 approved cash flow have been tendered. While all Long-Term Care Homes & Services projects are in process, the labour disruption created delays in releasing to tender releases. The main driver of the projected variance is the Kipling Acres redevelopment study, which will be under spent by \$1.360 million by year-end. LTCHS projects that \$9.849 million or 85% of its 2009 Approved Capital Budget will be spent by year-end.

State of Good Repair projects represent 16.5% or \$1.916 million of the 2009 approved cash flow of \$11.584 million. As at September 30, 2009, 55.06% of the approved funding

for SOGR projects was spent. The spending rate in the same period last year was 60.0%. State of Good Repair projects are projected to be spent 100% by year-end.

Parks, Forestry & Recreation (PF&R) spent \$30.082 million or 24.7% of its 2009 Approved Capital Budget of \$121.559 million during the first nine months of 2009. Capital spending is expected to reach \$76.547 million or 63.0% of the 2009 Approved Capital Budget by year-end. The projected under-spending is mainly due to the following projects:

- *Facility Components*: under-spending of \$4.700 million is anticipated since \$1.300 million of the *Work Order System* project funding will not be spent due to delays in obtaining and verifying the data and delays in the workplan due to labour disruption; and approximately \$2.0 million for security will not be spent.
- *Outdoor Recreation Centres*: under-spending of \$2.800 million is projected as \$1.0 million will not be spent at the *St. Mathews Lawn Bowling Club* due to scheduling delays and , the Partnership Opportunity Legacy donation in the amount of \$0.200 million for the *Panorama Court* cricket field and \$0.200 million donation for the *Beaches Volleyball* courts have not yet been received.
- *Park Development*: under-spending of \$5.000 million is projected since the Dogs Off Leash Area fencing budget for 2009 will not be fully spent this year as not all of the parks are ready for implementation. The *Taddle Creek* project and *June Rolands Park* project will not be completed and, if the weather continues to remain wet, many small projects such as tree and shrub planting and furniture placement will not be completed until the Spring 2010;
- *Playgrounds/Waterplay*: under-spending of \$1.400 million is projected since the wading pool construction will not be starting until the Fall; the *Oriole Park* project will not be completed this Fall and the *Harryetta Waterplay* project construction was postponed to the Spring 2010;
- *Pools*: under-spending of \$4.900 million is anticipated primarily due to the delays in coordinating the *Regent Park Pool* redevelopment with the Toronto Community Housing Corporation. Due to recommendations from the various stakeholders, a revision to the pool design to better serve the needs of youth and seniors has begun.
- *Arenas*: under-spending of \$1.950 million is expected due to delays arising from the labour disruption as work did not start during the arenas' "shut down" period and *Col. Sam Smith Outdoor Rink* sub-project may not be completed since community opposition has delayed the process.
- *Trails and Pathways*: under-spending of \$0.800 million is projected since the trail rebuilding program was deferred to 2010 due to the 2009 labour disruption.
- *Community Centres*: under-spending of \$10.300 million is projected since the *Warden Corridor Community Centre* will be tendered later than originally scheduled, the *Regent Park* design has not started and the Toronto and Region Conservation

Authority (TRCA) approval for the *York Community Centre* has been delayed due to concerns regarding the Black Creek bank stabilization.

- *Special Facilities*: under-spending of \$4.600 million is expected since the Ferry Vessels cannot be scheduled to go into dry dock for maintenance works until year-end and the *Bluffers Park Transformer* project was delayed due to approvals from TRCA and THESI.

During the first nine months of 2009, spending on *State of Good Repair (SOGR)* projects was \$10.530 million or 27.9% of the 2009 approved state of good repair cash flow of \$37.130 million. PF&R projects SOGR expenditures totalling \$29.700 million or 80% of its SOGR approved cash flow by year-end. In 2008, the year-end spending rate was 82%. The 2009 projected under-spending is mainly due to the following projects:

- *Outdoor Recreation Centre*: under-spending of \$0.200 million is projected since the Beach volley donations have not been received.
- *Pools*: under-spending of \$1.500 million is anticipated since the work at the *Gus Ryder Outdoor Pool* project did not start in the spring, as planned, due to a legal challenge from an unsuccessful bidder. The contract was awarded and construction was deferred to the fall of 2009 and spring of 2010.
- *Parking Lots and Tennis Courts*: under-spending of \$0.240 million is anticipated since the Humber Bay Parking Lot reconstruction was delayed due to the labour disruption.
- *Arenas*: under-spending of \$1.500 million is projected due to the labour disruption as work did not get started during the arenas' "shut down period".
- *Community Centres*: under-spending of \$0.600 million is estimated due to complications with the lease with TDSB at Franklin Horner.
- *Special Facilities*: under-spending of \$1.050 million is projected since the *Bentworth Yard Site* plan approval was delayed due to labour disruption and the *Bluffers Park Transformer* project was delayed due to approvals from TRCA and THESI.

Shelter, Support and Housing Administration spent \$2.902 million or 35.0% of its 2009 Approved Capital Budget of \$8.282 million during the nine months ended September 30, 2009, and is projecting year-end spending of \$5.399 million or 65.2% of the Approved Capital Budget.

Projected under spending is attributed to the following projects:

- *The Social Housing Administration System* project, with an approved cash flow of \$2.192 million will be under spent by \$1.202 million. While system training will

commence in the 4th quarter, system development has been negatively impacted by the labour disruption.

- *The 129 Peter Street Shelter* project will be under spent by \$0.999 million or 39% of an approved cash flow of \$2.534 million. Construction has been delayed due to asbestos removal and difficulties with sewage connection; the construction phase of the shelter and referral centre will be completed and operational in the Fall, with the streetscape and green wall components remaining to be completed in 2010.
- *The Shelter Development/ Redevelopment* project, with a 2009 approved cash flow of \$0.350 million is projected to be under spent by \$0.250 million as the feasibility assessment has not been completed and development options are still being reviewed.
- *The AHO Information Tracking Systems* projects, with approved cash flows of \$0.300 million are projected to be under spent by \$0.220 million, as hiring the development team was delayed due to the labour disruption.
- *Shelter Management Information System* project, with an approved cash flow of \$0.662 million is projected to be under spent by \$0.212 million. Training is well under way and a portion of the shelters are piloting the system; due to delays resulting from the labour disruption, the full implementation will be completed in first quarter of 2010.

There are two *State of Good Repair* projects for SSHA: both are for the general repair of City owned shelters. The cash flow for SOGR projects in 2009 is \$1.098 million, with 9 month spending at 28 %. Both projects are expected to be fully spent by year-end. The spending rate has improved over 2008 when the budgeted cash flow was \$0.707 million with 9 month spending reported at 5.5%. The 2008 year-end spending for these projects was \$0.501 million, with a spending rate of 70.9%.

Toronto Employment & Social Services (TESS) spent \$0.584 million or 14.2% of its 2009 Approved Capital Budget of \$4.102 million over the first nine months of 2009. All projects are fully funded by provincial subsidies dedicated to technology for the Ontario Works (OW) program. TESS projects that \$2.702 million or 65.9% of the 2009 Approved Capital Budget will be spent by year-end.

- The *WAYS - Phase I* (external web-enabled interactive tools) project was launched successfully in November 2008. Further enhancements are required by the Province due to OW rate changes and French language conversion.
- The *Employment Assistance - Phase I* project is on schedule with the first module implemented, while development work for the second module is continuing. However, the Program expects \$0.800 million will be carried forward into 2010.

- The Contract Management Office (CMO) is expecting to finalize a contract with Oracle in 2009 for development of an interactive dashboard for the *MIS-Data Mart - Phase 1* project.
- The *Case Management - Phase 1* project is in the planning stage, with a projection of \$0.600 million will be carried forward into 2010.
- A Business Case for the *WAYS - Phase 2* project was submitted to the Province followed by a presentation to the joint Online Application Pilot Steering Committee (Province & City). A Sole Source Request for a contract with Sylogix has been approved by Council. Release of the contract is pending Provincial approval

TESS has no State of Good Repair projects.

Citizen Centred Services "B"

For the nine months ended September 30, 2009, actual capital expenditures for this Cluster totalled \$116.887 million or 25.4% of the 2009 Approved Capital Budget of \$459.583 million. Capital spending for Citizen Centred Services "B" is expected to increase to \$348.674 million or 75.9% of the 2009 Approved Capital Budget by year-end. Spending performance, including explanation of significant variances for Programs within this Cluster, is summarized below:

Citizen Centred Services "B" Q3 2009 Capital Variance (\$ Million)				
	September 30, 2009		Projected 2009 Year-End Spending	
	Over/(Under)	% of Budget	Over/(Under)	% of Budget
City Planning	(5.9)	32.3	(2.0)	77.2
Policy, Planning, Finance and Administration	(1.4)	0.7	(0.1)	92.5
Fire Services	(5.3)	35.9	(0.9)	89.7
Transportation Services	(266.7)	27.6	(90.8)	75.4
Climate Change	(0.9)	43.7	(0.5)	70.5
Waterfront Revitalisation Initiative	(62.5)	12.1	(16.7)	76.5
Sub-Total	(342.7)	25.4	(110.9)	75.9

City Planning capital expenditures for the period ended September 30, 2009 totalled \$2.824 million or 32.3% of its 2009 Approved Capital Budget of \$8.733 million. City Planning is projecting year-end spending of \$6.745 million or 77.2% of its 2009 Approved Capital Budget. This represents an improvement over the 2008 spending rate, which was at 26.1% as of September 30 and 59.5% at year-end.

Growth Related projects represent 69.5% or \$6.065 million of the 2009 Approved Capital Budget. As of September 30, 30.3% or \$1.839 million of the approved funding for Growth Related projects was spent; and the Program is projecting year-end spending of \$4.646 million or 76.6% for these projects.

- The projected year-end variance of \$1.420 million for Growth Related projects is primarily due to \$1.022 million in anticipated unspent funds for Civic Improvement Projects, which are currently underway will be completed by 2010.

Legislated projects represent 15.4% or \$1.342 million of the 2009 Approved Capital Budget. As of September 30, 10.3% or \$0.138 million of the 2009 approved cash flow funding for Legislated projects was spent; and the Program is projecting year-end spending of \$0.837 million or 62.4% for these projects.

- Field investigation is underway and it is projected that the initial phase of the *Inventory and Integrated Evaluation System for the Natural Heritage Inventory* Studies will be completed in 2009 along with 60% of the second phase, with total funding of \$0.395 million. This project will accurately map Natural Heritage Systems.
- The projected year-end variance of \$0.505 million for *Service Improvement* projects reflects \$0.425 million in anticipated unspent funds for the 2009 phase of the New Zoning By-Law. This project is proceeding; however its anticipated completion is forecast for the first quarter of 2010 due to delays arising from the labour disruption.

Service Improvement projects represent 15.2% or \$1.327 million of the 2009 Approved Capital Budget. As at September 30, 63.8% or \$0.846 million of the approved funding for Service Improvement projects was spent. The Program is projecting year-end spending of \$1.262 million or 95.2% for the 2009 approved cash flow for these projects. These projects are proceeding as planned; the projected minor year-end variance of \$0.064 million is due to the labour disruption.

Policy, Planning, Finance and Administration's capital expenditures for the period ended September 30, 2009 totalled \$0.011 million or 0.7 % of the 2009 Approved Capital Budget of \$1.426 million. As most expenditure usually occur after this date, PPF&A is presently forecasting spending of 92.5%, which is much higher than the spending rate of 20% in 2008.

State of Good Repair projects represent 93% or \$1.326 million of the 2009 Approved Capital Budget. As at September 30th only 0.8% of the 2009 approved cash flow funding for SOGR projects was spent. However, as most expenditures usually occur in the last quarter of the year, PPF&A is projecting a spending rate of 99.5% in this category.

The most significant projects in this category are the *2009 Asset Preservation* projects that keep the 11 works yards in a steady state of good repair. It is projected that spending of the \$1.002 million approved cash flow for this project will continue in accordance with plans and will approximate 99.4% at year-end.

Fire Services spent \$2.982 million or 35.9% of its 2009 Approved Capital Budget of \$8.316 million during the nine months ended September 30, 2009. Actual spending to year-end is projected to be \$7.458 million or 89.7% of the 2009 Approved Capital Budget.

State of Good Repair projects (SOGR) represent 63% or \$5.276 million of the 2009 Approved Capital Budget. As at September 30th, only 15 % of the 2009 approved cash flow funding for SOGR projects was spent. The spending rate in the first nine months of 2008 was 25%. Fire Services is presently projecting a year-end spending rate of 90% on SOGR projects compared to 70% in 2008. Significant SOGR projects projected to be complete by year-end are:

- *Asset Management* projects represent \$1.772 million or 21.3% of the 2009 Approved Capital Budget. It is projected, based on the current estimates, that capital project activities and spending will continue in accordance with plans and will be 100% complete at year-end. The 2008 spending rate for the Asset Management projects was 87%.
- The contract for the *Replacement of Portable Radios* project has been finalized and the acquisition of 188 units is imminent. The approved cash flow of \$1.0 million will be 100% spent by year-end.
- The *Restoration of Heritage Fire Hall # 227* on Queen Street East in the Beaches, with a total project cost of \$1.800 million started in September 2009. This capital expenditure is required due to the deterioration of the façade and clock tower. The approved cash flow of \$0.700 million will be 100% spent by year-end.

Significant SOGR projects that are projected to be under-spent this year include:

- The *Payroll Time Scheduling System Upgrade* project, with a total project cost of \$0.280 million was approved in 2008. This capital expenditure is required in order to replace the unsupported Fire Services time-entry system with QuatroTime Ver. 4. While the contract has been awarded, the 2009 planned cash flow of \$0.280 million will be under spent by \$0.180 million at year-end.
- The *Voice Logging System* project, meant to eliminate redundancy and improved archiving capabilities while reducing system failures, has a 2009 approved cash flow of \$0.400 million. Spending has been delayed due to the recent labor disruption resulting in an estimated under-expenditure of \$0.295 million with only the first of two parts to be complete by year-end.

Other projects comprise 37% or \$3.040 million of the 2009 Approved Capital Budget. Of these other projects, *Service Improvement* project funding represents \$2.187 million or 26.3% of the 2009 Approved Capital Budget. The 2009 approved cash flow is for the *Toryork Bays Extension* project to allow an increase in vehicle servicing capacity. The project is well underway and is projected to be finished by year-end. As at September 30, 2009, 87% of the approved funding for this project was spent.

Transportation Services spent \$101.830 million or 27.6% of its 2009 Approved Capital Budget of \$368.511 million during the nine months ended September 30, 2009. Actual spending to year-end is projected to be \$277.705 million or 75.4% of the 2009 Approved Capital Budget.

State of Good Repair projects (SOGR) represent \$177.904 million or 48% of the 2009 Approved Capital Budget. As at September 30, 2009, 34% of the 2009 approved cash

low funding for SOGR projects was spent. The spending rate in the first nine months of last year was 34%. Transportation Services is presently projecting a year-end spending rate of 75% for SOGR projects compared to 79% in 2008.

Total under spending on SOGR projects is projected to be \$43.784 million or 25% at year-end. Efforts are underway to maximize spending through the tendering and project completion process.

- Road and Sidewalk projects (including expressways) represent \$118.827 million or 67% of the 2009 Approved Capital Budget for SOGR. It is anticipated that capital project spending will be 76% spent at year-end with under spending of \$28.151 million. The 2008 spending rate for the Road and Sidewalk projects was 72%.
- Bridge projects represent \$50.918 million or 29% of the 2009 Approved Capital Budget for SOGR. It is projected that bridge project activities and spending will continue in accordance with plans and be 74% spent at year-end with under spending of \$13.268 million. The 2008 spending rate for the Bridge projects was 83%.

Growth Related projects represent \$153.871 million or 42% of the 2009 Approved Capital Budget. As at September 30, 2009, only 20% of the 2009 approved cash flow funding for Growth Related projects was spent. The spending rate in the first nine months of last year was 38%. Transportation Services is presently projecting a year-end spending rate of 75% in this category compared to 64% in 2008.

Total under spending on Growth projects is projected to be \$38.066 million or 25% at year-end. Primary reasons for the under spending are as follows:

- The *St. Clair Dedicated Right of Way* project is projected to be \$38.500 million or 76% spent at year-end with under spending is projected to be \$12.166 million. Progress on this project was delayed due to lead times required by Toronto Hydro to relocate some of its underground plant, but it is currently progressing.
- The *Bloor Street Transformation* project with a 2009 approved cash flow of \$22.389 million will be \$16.790 million or 75% spent at year-end. The project has been tendered and awarded and construction has begun. Progress on this project was delayed by a court challenge and adjustments to schedules arising from the need to accommodate the local BIA's expressed intent to minimize disruptions during the seasonal shopping period in December.

The Toronto Environment Office's (TEO) capital expenditures for the period ended September 30, 2009 totalled \$0.667 million or 43.7 % of its 2009 Approved Capital Budget of \$1.525 million. The Toronto Environment Office is projecting year-end spending of \$1.075 million or 70.5%. This represents a significant improvement over the 2008 spending of 38.0%. TEO has no State of Good Repair projects in 2009.

Service Improvement project represent 100% of the 2009 Approved Capital Budget. Significant projects include:

- The *ECO Roof Grant* – TEO received proposals in the Spring of 2009 for the Eco-Roof grant process. The selected projects will receive approximately \$0.5 million

from the Eco-Roof grant project, with funds provided once the recipients complete their project.

- The projected year-end variance of \$0.450 million is due to the *Climate Change Adaptation* project being deferred to 2010 and under spending in the *Investigate Deep Water Cooling* project since the scope of the project exceeds available funds and, therefore, the approved cash flow of \$0.1 million will not be spent in 2009.

The Waterfront Revitalization Initiative's capital expenditures for the period ended September 30, 2009 totalled \$8.574 million or 12.1 % of the 2009 Approved Capital Budget of \$71.072 million. The Waterfront Revitalization Initiative is projecting year-end spending of \$54.372 million or 76.5%. The Waterfront Revitalization Initiative does not have any 2009 capital projects categorized as *State of Good Repair* projects. *Growth related* projects represent 100% of the 2009 Approved Capital Project.

The projected year-end variance of \$16.8 million is due to adjustments to the implementation schedule for the East Bayfront and West Don Lands Precincts, and the Central Waterfront Public Realm and front-loading of initiatives in 2009 and 2010 to ensure that Federal Government funding is invested and fully spent prior to the Federal Government sunset date of March 31, 2011.

Internal Services

For the nine months ended September 30, 2009 actual capital expenditures for Internal Services totalled \$52.009 million or 26.5% of their collective 2009 Approved Capital Budget of \$196.554 million. Capital spending for Internal Services is expected to increase to \$139.322 million or 70.9% of its 2009 Approved Capital Budget by year-end. Spending performance for Internal Services Programs is summarized below:

Internal Services Q3 2009 Capital Variance (\$ Million)				
	September 30, 2009		Projected 2009 Year-End Spending	
	Over/(Under)	% of Budget	Over/(Under)	% of Budget
Facilities & Real Estate	(45.3)	17.6	(2.0)	81.6
Financial Services	(12.7)	17.2	(10.5)	31.4
Fleet Services	(41.0)	30.7	(16.4)	72.2
Information Technology	(45.5)	32.1	(20.2)	69.9
Sub-Total	(144.5)	26.5	(57.2)	70.9

Facilities and Real Estate capital expenditures for the period ended September 30, 2009 totalled \$9.696 million or 17.6 % of its 2009 Approved Capital Budget of \$55.032 million. The spending rate is consistent with project schedules for construction. Typically, the majority of spending is spent in the fourth quarter, after construction is tendered, awarded and begun. The Program is projecting spending of \$44.927 million or 81.6% of the 2009 Approved Capital Budget by year-end.

State of Good Repair projects represent 52% or \$28.505 million of the 2009 Approved Capital Budget. As at September 30, 2009, 21.8% or \$6.216 million of the approved funding for SOGR projects was spent. The spending rate in the same period of the last year was 16.5%. Typically, capital spending usually occurs in the second part of the year. Facilities and Real Estate is presently projecting a spending rate of 85.9% on SOGR projects, compared to 87.8% in 2009. This category of projects consists of approximately one hundred projects in various project groupings that focus on the type of capital maintenance required (structural maintenance, re-roofing, site work etc.) to keep assets in a state of good repair. The most significant projects in this category are:

- The *Old City Hall HVAC Upgrade* project and other *Old City Hall upgrade/retrofit* projects (\$5.214 million in total) represent 9.5% of the 2009 approved cash flow but did not incur any spending during the current period. A contract for the Old City Hall HVAC and ceiling retrofit with a total value of \$21.0 million was approved by Council in May 2009. Invoicing was expected to occur in September, but due to the labor disruption, invoices are expected to be received in October. Based on the current estimates, the Program is projecting a spending rate of approximately 50%.
- The *Nathan Phillips Square* state of good repair project, including City Hall's second floor roof repair (\$6.742 million) accounts for another 12.3% of the 2009 Approved Cash Flow. The 35.1% spending rate on this project was slightly higher than the 21.8% realized in 2008. It is projected that all work will be completed by year-end.

Service Improvement project funding represents 30% or \$16.458 million of the 2009 Approved Cash Flow. The major projects included in this category are the *Bathurst Street Silo Stabilization* and *Nathan Phillips Square Revitalization* projects, as well as renovations of a number of other City facilities such as the City Hall Wedding Chapel. As at September 30, 2009, \$1.249 million or 7.6% of the 2009 approved cash flow for Service Improvement projects was spent. Unforeseen circumstances such as stakeholder input, revised consultant estimates and administration issues have caused project timelines to be revised. Facilities and Real Estate is presently projecting a spending rate of 78.1% for Service Improvement project, compared to 84.2% in 2008.

The only *Growth Related* projects are the development of Father Henry Carr High School Community HUB and renovations of the facility at 1652 *Keele Street* which are part of the 13 priority neighbourhoods POL Funding Program. These projects account for approximately 6% or \$3.213 million of the 2009 Approved Cash Flow. The spending rate during the nine months ended September 30, 2009 was 0.4%. Delays in convening meetings with stakeholders that had to be held prior to the project start-up were the primary cause of the under spending. It is projected that only 28.3% of the approved cash flow will be spent by year-end.

Other projects represent 12% or \$6.855 million of the 2009 approved cash flow and 23% of the current period total spending. As at September 30, 2009, 32.4% of the approved funding for Other projects was spent. This category consists of approximately 25 health and safety projects and projects with legislative requirements. Facilities and Real Estate is presently projecting a spending rate of 97.3% for Other projects compared to 100% in 2009.

Financial Services' capital expenditures for the nine months period ended September 30, 2009 totalled \$2.646 million or 17.2 % of its 2009 Approved Capital Budget of \$15.342 million. Financial Services forecasts that spending at year-end will be 31.4% or \$4.818 million of the 2009 Capital Budget

State of Good Repair projects represent 27.4% or \$4.204 million of the 2009 Approved Capital Budget. As at September 30, 2009, only 10.0% of the approved funding for SOGR projects was spent. The spending rate in the same period of last year was 11.3%. Financial Services projects an SOGR spending rate of 15.5%, which is much lower than the 28.2% spent in 2008.

The most significant projects in this category are:

- The *Tax & Water Upgrade* project represents 20.1% of the 2009 Approved Capital Budget but only 7.0% of the total spending during the nine months ended September 30, 2009. This project is progressing slowly pending final approval of a tax-solution provider. It is projected that spending will be 9.7% at year-end resulting in under spending of \$2.864 million. The 2008 spending rate for the Tax & Water Upgrade project was 21.1%.
- The *Payment Processing Equipment Replacement* project will be under spent by \$0.451 million due to a delay in releasing the RFP, which has been rescheduled for release in the first half of 2010. Spending in 2009 is projected to be \$0.109 million or 19.5% of the approved cash flow for this project.
- The *Parking Tag Management Software Upgrade* project with 2009 approved cash flow of \$0.389 million will be under-spent by \$0.259 million in 2009 as this project is on hold pending finalization of requirements for the *Alternate Dispute Resolution (ADR) On-line* capital project.

Service Improvement project funding represents 57.4% or \$8.802 million of the 2009 Approved Capital Budget. As at September 30, 2009, only 25.1% of the approved cash flow funding for Service Improvement projects was spent. The spending rate in the same period of the last year was 15.5%. Financial Services has projected a spending rate of 36.9% for Service Improvement projects compared to 60.6% in 2008.

The most significant projects in this category are:

- Workflow and Document Management Technology project will be totally unspent in 2009 because the original project scope is being revised. The entire 2009 cash flow of \$0.772 million is expected to be carried forward to 2010.
- The Accounts Payable Process Improvements project will be under spent by \$0.812 million due to contract issues with the vendor. As a result the project's scope is being revised.
- The Financial Planning, Analysis & Reporting System project will be under spent at year-end by \$3.126 million due to unanticipated delays in acquiring resources.

The only *Growth related* project is the *Tax Increment Financing Implementation* project. The Tax Increment Financing Act was passed but until a general regulation is made under the Act, this project cannot proceed.

Legislated projects represent 14.6% of the 2009 Approved Capital Budget. Only 0.8% of the 2009 approved cash flow funding for these projects was spent during the nine months ended September 30, 2009. The spending rate in the same period of 2008 was 17.0%. Financial Services is presently projecting a spending rate of 41.0% in this category, compared 36.3% in 2008.

- The most significant project in this category is the Fixed Asset Records System. This project has been delayed due to the need to align it with other SAP initiatives.

In general, the capacity to spend or move forward on several projects was hindered by the labour disruption. In spite of this, capital project activities and milestones are proceeding in accordance with plan.

Fleet Services spent \$18.187 million or 30.7% of its 2009 Approved Capital Budget of \$59.197 million during the nine months ended September 30, 2009. Fleet Service projected expenditures to year-end will be \$42.747 million or 72.2% of its 2009 Approved Capital Budget.

State of Good Repair projects represent 94.2% or \$55.734 million of the 2009 Approved Capital Budget. As at September 30, 2009, \$17.305 million or 31.0% of the 2009 approved cash flow funding for SOGR projects was spent. With the expected delivery of vehicles in the latter half of the year, Fleet Services is projecting a spending rate of 71.1% or \$39.601 million of the approved funding for SOGR projects by year-end. The projected under-spending of \$16.133 million is primarily due to a delay in procurement resulting from specification development with Divisions for specialized vehicles and equipment, such as excavators, loaders, side-loading packers, and combination sewer vacuum / cleaners for specific business operations. Vehicle design changes have delayed the replacement of Fire Service vehicles. Significant time was required to evaluate and confirm whether the new designs would serve operational requirements.

The spending rate for SOGR projects for the nine months ended September 30, 2008 was \$32.860 million or 56.1% of the approved funding of \$58.592 million. The SOGR expenditure to 2008 year-end was \$44.223 million or 75.5% of the approved funding for SOGR projects.

Service Improvement projects represent 5.8% or \$3.463 million of the 2009 Approved Capital Budget. As of September 30th, \$0.882 million or 25.5% of the 2009 approved cash flow funding for Service Improvement projects was spent with spending to year-end projected to be \$3.146 million or 90.9% of the 2009 approved cash flow funding. The projected under-spending of \$0.317 million is due to the delay in implementation of the Fleet Fuel system and Management System integration pilot.

The 2008 spending for *Service Improvement* projects for the nine months ended September 30, 2008 was \$1.138 million or 41.0% of the 2009 approved cash flow funding of \$2.772 million. The Service Improvement expenditure to 2008 year-end was \$2.049 million or 73.9% of the approved funding for Service Improvement projects.

Information and Technology spent \$21.480 million or 32.1% of its 2009 Approved Capital Budget of \$66.983 million for the nine months ended September 30, 2009. Information and Technology's projected expenditures to year-end are anticipated to be \$46.830 million or 69.9% of its 2009 Approved Capital Budget.

During the 3rd quarter of 2009, Policy, Planning, Finance and Administration (PPFA) IT Projects totalling \$9.855 million were transferred to Information and Technology. Excluding this transfer, the year-end projected spending rate for Information and Technology is 73.8%, compared to 71.4% in 2008.

State of Good Repair projects represent 81.4% or \$54.541 million of its 2009 Approved Capital Budget. As of September 30th, \$20.044 million or 36.8% of the 2009 approved cash flow funding for SOGR projects were spent. The spending rate in the same period of last year was 34.0%. However, as most expenditures usually occur in the second part of the year, Information and Technology is presently projecting a spending rate of 75.3% for SOGR projects, compared to 75.0% in 2008.

The most significant projects in this category are:

- *Technology Asset Sustainment* projects which represent 37.9% of the 2009 Approved Capital Budget. It is projected that the sustainment project activities and spending will be 76.5% at year-end. The under spending is due to better pricing and effective contract negotiations, and acquisitions being delayed in order to redirect reserve funding to the SAP License Framework as a priority.
- *Application Systems* projects represent 28.7% of the 2009 Approved Capital Budget. A spending rate of 84.4% is expected at year-end. The under spending is primarily attributed to a shifting of several SAP projects, such as the *SAP Foundation Upgrade*, the *SAP Collaborative Value Assessments*, *Data Warehouse Implementation* to the *Financial Planning and Reporting System* project.
- *Corporate Planning and Management* projects represent 9.6% of the 2009 Approved Capital Budget. A spending rate of 55.4% is expected at year –end. The under spending is attributed to several e-City projects, including e-City Information Security, e-City Architecture, and Information Technology Infrastructure Library Best Practices Implementation which were delayed due as there is a shortage of the qualified candidates.
- *Technology Infrastructure* projects represent 9.0% of the 2009 Approved Capital Budget. The projected spending rate at year-end will be 47.4%. The under spending is primarily attributed to the Consolidated Data Centre project where the RFQ for

engineering study is pending for award. The target date for completing the study is the end of the 1st quarter of 2010.

Growth and Expansion projects make up 18.5% of the 2009 Approved Capital Budget. As at September 30, 2009, \$1.436 million or 11.5% of the 2009 approved cash flow funding for Growth and Expansion projects was spent. Information and Technology anticipate a spending rate of \$5.770 million or 46.4% on Growth projects by year-end. The under spending is due to the *City of Toronto Telecommunications Infrastructure and Voice over Internet Protocol (COTTI/VoiP) Implementation* project, which is at the stage of RFP evaluation for the Data and Voice provider. Implementation is expected in the 3rd quarter of 2010. Also, delays in strategy development are being experienced in the e-City Strategic Plan project.

In May 2009, Council approved the strategic investment framework for purchasing SAP Licenses, based on a volume purchasing of licenses over the three years when needed for critical projects. In order to fund this from the Reserve, Information and Technology is to replenish the IT Equipment Reserve with under-spending in 2009 where possible and/or identify changes to the 5-Year Capital Plan. Approximately, \$6.3 million of the under spending this year has been earmarked to reimburse the Reserve.

Other City Programs

For the nine months ended September 30, 2009, actual capital expenditures for Other City Programs totalled \$26.164 million or 27.3% of the 2009 Approved Capital Budget of \$95.962 million. Capital spending for these Programs is expected to increase to \$72.549 million or 75.6% of their collective 2009 Approved Capital Budget by year-end. Spending performance, including explanation of significant variances for Programs within this group is summarized below:

Other City Programs Q3 2009 Capital Variance (\$ Million)				
	September 30, 2009		Projected 2009 Year-End Spending	
	Over/(Under)	% of Budget	Over/(Under)	% of Budget
City Clerk's Office	(11.0)	37.6	(5.7)	67.8
Sustainable Energy Plan	(28.4)	11.9	(6.7)	79.2
Union Station	(30.1)	34.2	(10.8)	76.5
Radio Replacement Project	(0.3)	15.1	(0.2)	21.7
Sub-Total	(69.8)	27.3	(23.4)	75.6

City Clerk's Office spent \$6.609 million or 37.6% of its 2009 Approved Capital Budget of \$17.599 million during the nine months ended September 30, 2009. The cash flow includes carry forward funds of \$3.962 million. The City Clerk's Office projected expenditures to year-end will be \$11.929 million or 67.8%.

The projected under-spending is largely attributed to revised cash flow for *The Toronto Meeting Management System (TMMIS)* project. The revised schedule shows completion will be extended from 2010 to 2012. The labor disruption in June 2009 affected progress on capital projects with some deliverables shifted from the fourth quarter of 2009 to the first quarter of 2010. Completion of the *Printing Equipment Replacement* project, which represents 8.5% of the 2009 approved cash flow funding, will be delayed to the first quarter of 2010 to coincide with the move into the new *Design and Print facility*. Additionally, two of the major facilities projects (*Elections renovation*, and the new *Design and Print Facility*) are experiencing delays in processing invoices.

State of Good Repair projects represent 36.5% or \$6.425 million of the 2009 Approved Capital Budget. As at September 30th, 2009, 30.1% of the 2009 approved cash flow funding for SOGR projects was spent. However, as most expenditures usually occur in the latter part of the year, the City Clerk's Office is presently projecting a spending rate of 67.8% for this category of projects.

Progress on the most significant SOGR projects are as follows:

- *The Print Shop Retro-Fit* project represents 22.5% of the 2009 Approved Capital Budget. Spending during the nine months ended September 30th, 2009 was minimal, given that the general contractor only started to submit invoices during the third quarter. It is projected, based on the current estimates that capital project activities and spending will be concentrated in the latter part of 2009. Completion of this project is expected in early 2010.
- *The Printing Equipment Replacement* project, representing 8.5% of the 2009 Approved Capital Budget, is expected to be purchased in the first quarter of 2010, for delivery in 2010 to the new print facility.

Service Improvement project funding represent 2.8% of the 2009 Approved Capital Budget. The 2009 requirement is for the *Multi-Media and Production Services and Printing Workflow Management System* project. The original RFI has now been changed to an RFP, which is currently in development. The project has been delayed due to the labour disruption, and it is projected that it will be completed in 2010.

The majority of City Clerk's Office projects are *Legislated projects*, which represents 60.7% of the 2009 Approved Capital Budget, and 70.1% of the current period total spending. As at September 30, 2009, 43.8% of the 2009 approved cash flow funding for Legislated projects was spent. Overall, City Clerk's Office is projecting a spending rate of 71.0% for these projects, which is significantly higher than the 2008 spending rate of 16.0%. This higher spending rate in 2009 reflects the completion of land acquisition for *Election Renewal Facility* and the anticipated completion of renovations for the facility.

The Sustainable Energy Plan capital expenditures for the period ended September 30, 2009 totalled \$3.841 million or 11.9 % of the 2009 Approved Capital Budget of \$32.279 million. The Sustainable Energy Program projected expenditure to year-end is estimated

at \$25.553 million or 79.2% of its 2009 Approved Capital Budget. This spending rate is contingent on obtaining sufficient applications for funding. The labour disruption has delayed the processing and review of a number of these applications resulting in a timing delay between commitment of funds and actual disbursement. Construction for the majority of *Energy Retrofit* projects at various City facilities is occurring and invoices are expected to be received in the final quarter of 2009.

All projects included in the Sustainable Energy Plan are *Service Improvement* projects. The following projects are the principal causes of the projected under-expenditure:

- *Toronto Energy Conservation Fund and Green Fund* – The program has loan applications that will be executed in 2009 totalling \$17.460 million or 80% of the \$21.800 million in disbursements approved in 2009. The Energy Efficiency Office has received letters of commitment, applications and expressions of interest for the total amount of 2009 cash flow approved but expect that \$4.340 million will be carried forward and disbursed in 2010.
- *Upgrades –City Facilities* - This project includes the first phase of initiatives for the retrofit program in City Hall. The pilot project will be conducted in 2009 with a projected expenditure of \$0.5 million, \$2.0 million under the 2009 approved cash flow of \$2.5 million.
- *The Energy Retrofit* projects including *Public Health* projects are estimated to be completed as planned. The Children Services project scope has changed and only costs for preliminary work will be incurred, leaving \$0.210 million unspent in 2009. The *Parks, Forestry and Recreation* project is experiencing delays in the Request for Proposal process resulting in \$0.070 million under spending, which will be carried forward to 2010.

Union Station Project's actual expenditures during the nine months ended September 30, 2009 totalled \$15.667 million or 34% of its 2009 Approved Capital Budget of \$45.773 million. The 2009 Approved Capital Budget is projected to be 77% spent by year-end.

State of Good Repair projects represent \$12.308 million or 27% of the 2009 Approved Capital Budget. These projects include the *Pedestrian Bridge* project, *Structural repairs*, *Copper Roof repairs* and the *Replacement of Terrazzo Flooring in the Great Hall*. Work on the *Pedestrian Bridge* is currently underway and it is anticipated that approximately \$3.232 million or 80.2% will be spent by year-end. As of September 30th, \$8.908 million or 72% of the 2009 approved cash flow funding for SOGR projects was spent. It is presently projected that Union Station project will have a year-end spending rate of 84.6% in this category.

Service Improvement project funding represents \$32.365 million or 71% of the 2009 Approved Capital Budget. The projects in this category include the *Security* projects, the *South Access Tunnel* project, the *Loading Dock* project, the *North West Path* project, the *Revenue Enhancement* project which includes the excavation of a lower concourse to create new retail space and the *Transportation* project which requires the expansion of

concourses and creating more access routes. The *Union Station Security* projects have been completed and expenditures will be reflected in the fourth 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. As at September 30, 2009 \$6.759 million or 20.9% of the 2009 approved cash flow funding for Service Improvement projects was spent.

Other Projects represent \$1.100 million or 2% of the 2009 Approved Capital Budget. These projects include exterior façade repairs, the *Environmental* project and the replacement of the York Street Expansion Joints. As at September 30, 2009 zero funding was spent. This was mainly due to the *York Street expansion joint* projects that have been delayed due to the co-ordination with GO Transit's work on the train tracks. A year-end spending rate of 61% is projected.

Project delays that have occurred in 2009 are due to the ongoing negotiations to secure funding from the Federal and Provincial Governments and the selection of the Head Lessee. Now that funding has been secured and a Head Lessee has been selected, a final construction schedule will be completed that will provide accurate construction timelines and year-end spending rates.

Radio Communication System Replacement Project capital spending during the nine months ended September 30, 2009 totalled \$0.047 million or 15.1% of its 2009 Approved Capital Budget of \$0.312 million. The 2009 approved cash flow includes funding carried forward from 2008 of \$0.061 million. Actual spending to year-end is projected to be \$0.067 million or 21.7% of the 2009 Approved Capital Budget. Year -to-date spending is mainly attributed to external training at Motorola, site preparation and design of coverage analysis databases. The Radio Communications System Replacement Project is currently in the system design stage and is progressing. Spending in 2009 includes project management services, a fairness consultant to oversee procurement, continuation of coverage analysis, and release of an RFP. Under spending in 2009 is driven by delayed hiring of a project manager and temporary shortage of key technical staff.

Agencies, Boards and Commissions (ABCs)

For the nine months ended September 30, 2009, actual capital expenditures for Agencies, Boards and Commissions totalled \$436.699 million or 36.4% of their 2009 Approved Capital Budget of \$1.2 billion. Capital spending for Agencies, Boards and Commissions is expected to increase to \$763.490 million or 63.6% of their collective 2009 Approved Capital Budget by year-end. Spending performance, including explanations of significant variances for individual ABCs is summarized below:

Agencies, Boards and Commissions				
Q3 2009 Capital Variance (\$ Million)				
	September 30, 2009		Projected 2009 Year-End Spending	
	Over/(Under)	% of Budget	Over/(Under)	% of Budget
Exhibition Place	(32.4)	40.4	(17.9)	67.1
Go Transit	0.0	100.0	0.0	100.0
Toronto And Region Conservation Authority	(1.6)	75.0	0.0	100.0
Toronto Police Service	(28.3)	44.2	(9.6)	81.0
Toronto Port Authority	(0.9)	50.0	0.0	100.0
Toronto Public Health	(3.8)	33.1	(2.3)	59.9
Toronto Public Library	(10.7)	53.6	(3.4)	85.2
Toronto Transit Commission	(655.5)	34.6	(56.9)	94.3
Yonge-Dundas Square	(0.1)	0.0	0.0	100.0
Toronto Zoo	(7.4)	32.9	(3.1)	71.7
Sony Centre (Hummingbird)	(22.7)	8.7	(19.1)	23.2
Sub-Total	(763.5)	36.4	(112.4)	63.6

Exhibition Place's capital expenditures for the period ended September 30, 2009 totalled \$21.970 million or 40.4 % of its 2009 Approved Capital Budget of \$54.383 million. Exhibition Place forecasts that the total capital spending by year-end will be \$36.468 million or 67.1% of its 2009 Approved Capital Budget. Projected year-end under spending of \$17.915 is attributed to the delay in securing contract agreements and funding for the *Green Energy Initiatives* projects. Exhibition Place is continuing to negotiate, but is expecting to defer these projects to 2010 once the agreements are completed and third party funding is secured.

Exhibition Place spent \$3.237 million or 33.89% of the 2009 Approved Capital Budget for *State of Good Repair* projects and is projecting \$4.354 million or 45.5% spending at year end. The projected year end spending is lower than last year's rate of 70.9% (\$3.008 million) due to the *Green Energy Initiatives* projects delay.

The Go Transit 2009 Approved Budget is \$20.000 million. The City has paid \$20.000 million or 100% of its 2009 contribution toward GO Transit growth capital expenditures.

Toronto and Region Conservation Authority (TRCA) spent \$4.701 million or 75.0% of its 2009 Approved Capital Budget of \$6.268 million from the City of Toronto during the nine months ended September 30, 2009. TRCA anticipates that the entire 2009 Approved Budget will be spent by year end.

State of Good Repair projects represent 94.3% or \$5.913 million of the 2009 Approved Capital Budget. As at September 30, 2009 75.0% of the 2009 approved cash flow funding for SOGR projects was spent. The completion rate in the same period of last year was 67.7%. TRCA is presently projecting a spending rate of 100% for SOGR projects, which is the same as in 2008.

The most significant projects in this category are:

- *Waterfront & Valley Erosion Control* projects represent 24.5% of the 2009 Approved Capital Budget. As at September 30, 2009, 75.0% of the 2009 approved cash flow funding was spent. It is projected that the approved cash flow will be 100% spent at year end, as was the case in 2008.
- The *Toronto Remediation Plan* projects represent 34.6% of the 2009 approved cash flow funding. TRCA projects spending 100% of the 2009 approved cash flow funds by year end.
- *Waterfront Development* projects represent 15.7% of the 2009 Approved Capital Budget. TRCA projects spending 100% of the approved cash flow by year end.

Service Improvement project funding represents 5.7% or \$0.355 million of the 2009 Approved Capital Budget. As at September 30, 2009, 75% of the approved funding for service improvement projects was spent. The spending rate in the same period of last year was 66.7%. TRCA projects spending 100% of the approved cash flow by year end.

Toronto Police Service (TPS) capital expenditures for the period ended September 30, 2009 totalled \$22.404 million or 44.2 % of its 2009 Approved Capital Budget of \$50.736 million. The 2009 approved cash flow includes 2008 funding carried forward in the amount of \$13.341 million. The Toronto Police Service is projecting year end spending of \$41.086 million or 81.0% of its 2009 Approved Capital Budget. By comparison the 2008 spending rates were 45.4% during the nine months ended September 30, and 88.6% at year end.

State of Good Repair (SOGR) projects represent 85.9% or \$43.562 million of the 2009 Approved Capital Budget. As at September 30th, 45.7% or \$19.913 million of the 2009 approved cash flow funding for SOGR projects was spent. TPS projects year-end spending of \$35.554 million or 81.6% of their SOGR projects.

Included in the year end projections is the completion of the Service's new training facility with 2009 funding of \$6.887 million. The Service conducted opening ceremonies and hosted its inaugural graduation parade in September 2009. This is the Service's newest facility and will replace the former C.O. Bick College.

The projected year end variance of \$8.008 million for SOGR projects is primarily due to \$6.555 million in anticipated unspent funds for Workstation, Laptop and Printer – Lifecycle Plan, due to lower than anticipated costs and extended useful life for existing equipment.

Service Improvement projects represent 14.1% or \$7.174 million of the 2009 Approved Capital Budget. As at September 30, 2009, 34.7% or \$2.491 million of the approved funding for Service Improvement projects was spent. TPS is projecting year end spending of \$5.532 million or 77.1% for these projects.

The projected completion of the second phase of *Service's Digital Video Asset Management System* project with 2009 funding of \$2.478 million will upon completion of the final phase, eliminate the use of physical video evidence media within the Service.

The projected year end variance of \$1.641 million for *Service Improvement* projects is primarily due to \$1.303 million in anticipated unspent funds for the In Car Camera project. These unspent funds will be carried forward into 2010 to ensure that the cameras are purchased closer to the planned installation date. The complete project remains on budget and schedule.

Toronto Public Health (TPH) spent \$1.879 million or 33.1% of its 2009 Approved Capital Budget of \$5.670 million. The year-end capital expenditure is projected to be \$3.398 million or 59.9%. The projected under spending of \$2.272 million by year-end is mainly attributable to the following legislated and service improvement projects:

- Delay caused by re-issuing a revised Request For Proposal (RFP) as the original RFP was issued but not awarded because cost estimates significantly exceeded the budget for the *Dental Strategy and Implementation* project (\$0.846 million)
- Dependency on Toronto Building's e-Service capital project, the new corporate requirement to perform an architecture review and the labour disruption has delayed work on the *Healthy Environment Inspection System* project (\$0.667 million)
- Redeployment of resources to respond to the Province wide H1N1 planning has delayed the implementation of the *Health e-Service* project (\$0.271 million)
- Change in provincial timelines and temporary reallocation of resources to the province wide H1N1 planning has delayed the implementation of the *Public Health Surveillance and Management System* project (\$0.183 million)
- Delays in filling technical positions resulted in the requirement to defer implementation of server infrastructure until 2010 for the *Healthy Environment (HE) Reporting* project (\$0.149 million)
- Delays due to ongoing negotiations with Environment Canada to use their environmental system as part of an integrated solution will result in the deferral of deliverables until 2010 for the *Environmental Reporting Disclosure and Innovation* project (\$0.156 million)

The full under expenditure of \$2.272 million will be carried forward into 2010.

Toronto Public Library (TPL) spent \$12.422 million or 53.6% of its 2009 Approved Budget of \$23.158 million. This spending rate is consistent with the spending rates in prior years. The Program's projected actual expenditures to year-end are expected to be \$19.735 million or 85.2% of the 2009 approved cash flow. The under-expenditure is primarily due to the following:

- The working drawings are completed for the *Brentwood Library Reconstruction* project. However, the construction tender date is dependent on the results of an October 22, 2009 Committee of Adjustment hearing. TPL will continue to monitor

the progress of this project to quantify any funding which may need to be carried forward at year-end.

- Timing delays in the implementation of the 2007 – 2009 *Technology Asset Management Program* are anticipated. TPL will monitor the progress of this project to determine if any funding needs to be carried forward at year-end.
- The construction of the *Thorncliffe Neighbourhood Library* is slightly behind schedule, with substantial completion anticipated in the Spring of 2010. This is a co-development with Parks, Forestry and Recreation and Children's Services. TPL will monitor the progress of this project to determine if any funding needs to be carried forward at year-end.

TPL's *State of Good Repair* (SOGR) projects comprise \$21.173 million or 91.4% of the 2009 approved cash flow of \$23.158 million. SOGR actual expenditures for the 9 months ended September 30th, 2009 total \$12.421 million or 58.7% of the 2009 approved cash flow for SOGR projects. The projected year-end spending in this category is anticipated to be \$19.535 million or 92.2% of the 2009 approved cash flow. The current spending rate of 58.7% shows improvement over the same period in 2008 of 55.85%.

The Toronto Transit Commission (TTC) capital expenditures for the period ended August 29, 2009 totalled \$346.700 million or 34.6 % of its 2009 Approved Capital Budget of \$1,002.941 million. The cash flow includes 2008 funding carried forward in the amount of \$178.549 million. The TTC is projecting year-end spending of \$945.3 million or 94.3% of their 2009 Approved Capital Budget. The 2009 variance shows a lower rate of spending to the third quarter than in 2008, which was at 42.9% as of August 30th. However, the projected year end spending rate in 2009 is higher than in 2008, which was 71.6% by year end.

State of Good Repair (SOGR) projects represent 68.9% or \$691.159 million of the 2009 Approved Capital Budget. As of August 29th, 37.3% or \$258.752 million of the 2009 approved cash flow funding for SOGR projects was spent, the TTC is projecting year end spending of \$680.684 million or 98.2% of their SOGR projects. Significant SOGR projects include:

- *Subway Track* work, which is predominately SOGR work, will be \$9.117 million under budget due to the deferral of special trackwork – full turnouts, installation of crossovers for the Yonge-University Subway resignalling and Bloor-Danforth Subway track replacement.
- *Surface Track* work, which is predominately SOGR work, will be \$6.178 million under budget due to the deferral of tangent track work, although this will be partially offset by increased costs for track work on St. Clair.

- *The Intelligent Transportation Systems* project which is also predominately SOGR work will be \$8.972 million over budget as work on the Customer Information System, Next Vehicle Arrival, and the Wheel-Trans Information System is accelerated.
- The *Fire Ventilation Upgrades* project will be \$6.049 million under budget due to design delays which result in delays in construction.
- The *Queensway Garage Expansion* project will be \$6.358 million under budget as a result of the deferral of the completion of construction to 2011.

All other TTC projects represent 31.1% or \$309.421 million of the 2009 Approved Capital Budget. As of August 29th, 28.4% or \$87.948 million of the 2009 approved cash flow funding for these projects was spent, the TTC is projecting year end spending of \$264.616 million or 85.5% for these projects. Significant projects include:

- The *Spadina Subway Extension* project will be \$36.700 million under budget due to the deferral of engineering work and property acquisition to 2010.
- At August 29th, The Transit City Plan had funding budgeted only for the first quarter of 2009. Given the announcement on April 1, 2009 of Provincial funding for the Finch and Eglinton LRT lines as well as the SRT in the 2009 Provincial budget, and the subsequent announcement on May 15, 2009 of Federal and Provincial funding for the Sheppard LRT line, Council on September 30, 2009 approved an additional \$134.5 million in Transit City funding (of which \$11.3 million is for SRT projects) so that work on *Transit City* project can continue in 2009. With the additional funding, *Transit City* project is projected to be \$88.2 million under budget at year end.

Yonge/Dundas Square (YDS) Board of Management has not spent any of its \$0.145 million 2009 Approved Capital Budget to date. The two capital projects, steel grating replacement and engineering/technical work on a state of good repair project for structural and mechanical/electrical upgrades, are underway and Facilities & Real Estate will invoice YDS at year-end when these projects will be completed. Capital spending is projected to be \$0.145 million or 100% of its 2009 Approved Capital Budget by year-end

Toronto Zoo capital expenditures for the period ended September 30, 2009 totalled \$3.611 million or 38 % of its 2009 Approved Capital Budget of \$10.984 million. Capital spending is projected to be \$7.874 million or 71.7% of its 2009 Capital Budget by year-end. The projected year-end under spending is mainly due to the delay of construction on the African Rain Forest which will start in September and will be completed by the 3rd quarter of 2010.

State of Good Repair projects represent 38.6% or \$4.235 million of the 2009 Approved Capital Budget. As at September 30, 2009 only \$0.366 million or 9% of the 2009 approved cash flow funding of \$2.874 million for SOGR projects was spent. The spending rate during the same period of last year was 8.0%. Toronto Zoo is projecting

spending on SOGR projects to be \$2.874 million or 67.9%, which is in line with last year's spending rate of 69.7%. The most significant project in this category is the Refurbishment of the African Rainforest Exhibit (South).

Sony Centre for the Performing Arts spent \$2.160 million or 8.7% of its 2009 Approved Capital Budget of \$24.904 million during the nine months period ended September 30, 2009. Projected expenditures to year-end will be \$5.779 million or 23.2% of the 2009 Approved Capital Budget. The projected under-spending is attributed to the timing of the closing of the real estate agreement with the condominium developer on the Sony Centre site. This agreement, which provides funding for the Centre's *Redevelopment Project*, closed in October 2009. Ramp-up of this Growth related project is ongoing with completion expected in fall 2010.

Rate Supported Programs

For the nine months ended September 30, 2009, Rate Supported Programs' actual expenditures totalled \$261.604 million or 43.3% of their 2009 Approved Capital Budget of \$604.310 million. Capital spending for Rate Supported Programs is expected to increase to \$442.736 million or 73.3% of their collective 2009 Approved Capital Budget by year-end. Spending performance, including explanations of significant variances within this group is summarized below:

Rate Supported Programs Q3 2009 Capital Variance (\$ Million)				
	September 30, 2009		Projected 2009 Year-End Spending	
	Over/(Under)	% of Budget	Over/(Under)	% of Budget
Toronto Parking Authority	(23.6)	22.7	(16.6)	45.6
Solid Waste Management Services	(57.6)	17.2	(25.8)	62.9
Toronto Water	(261.6)	48.1	(119.2)	76.4
Sub-Total	(342.7)	43.3	(161.6)	73.3

Toronto Water's 2009 Approved Capital Budget of \$504.238 million was 48.1% or \$242.697 million spent, as at September 30, 2009. Actual expenditures by year-end are anticipated to be \$385.083 million or 76.4% of the 2009 Approved Capital Budget. This represents a projected increase of 20.9% or \$66.654 million in capital spending over the 2008 spending rate of \$318.429 million. The high year-end forecasted spending for 2009 is the result of construction proceeding on several large projects; expenditures forecast for the large number of contracts awarded early in the year; and, the multi-year contracts initiated in 2008 which are now fully underway and expected to meet cash flow projections for 2009.

State of Good Repair project spending during the nine months ended September 30, 2009 was \$154.800 million or 57% of the 2009 Approved Capital Budget of \$272.059 million for these projects. This reflects a \$33.500 million or 13% increase compared to spending of \$121.300 million for the same time in 2008. The projected year-end spending will be

approximately 85% or \$230.300 million which represents a slight increase over the 2008 expenditure of \$226.351 million.

Toronto Parking Authority's (TPA) 2009 Approved Capital Budget of \$30.495 million was 22.7% or \$6.934 million spent, as at September 30th, 2009. Actual expenditures by year-end are anticipated to be \$13.917 million or 45.6% of the 2009 Approved Capital Budget. The low level of projected year-end spending is attributed to the following:

- Delays arising from the unavailability of appropriate sites.
- Delays due to on-going negotiations for identified sites.
- Projects cancelled due to a low probability of finding an appropriate site.
- Time lags in joint venture arrangements.

State of Good Repair projects represent 22% or \$6.845 million of the 2009 Approved Capital Budget. As at September 30, 2009 approximately 24% or \$1.627 million of 2009 approved cash flow funding for State of Good Repair projects was spent. The projected year-end spending is approximately 32% or \$2.175 million which compares to a 2008 rate of 45% or \$2.273 million.

Growth projects account for 16% or \$4.800 million of the 2009 Approved Capital Budget. The Toronto Parking Authority reported a spending rate of 5% or \$0.229 million during the 9 months ended September 30, 2009. Projected year-end spending is 5% or \$0.230 million compares to 21% or \$3.090 million in 2008.

Service Improvement project funding is 54% or \$16.350 million of the 2009 Approved Capital Budget. The Authority spent 30% or \$4.952 million of its 2009 Approved Capital Budget allocated to this category. The Program is forecasting a year-end spending rate of 69% or \$11.332 million compared to a 2008 level of 39% or \$2.529 million.

Other projects represent 8% or \$2.500 million of the 2009 Approved Capital Budget and account for 5% or \$0.126 million in spending as at September 30, 2009. The Authority projects a spending rate of 7% or \$0.180 million on projects within this category compared to 1% or \$0.006 million in 2008.

Solid Waste Management Services spent \$11.984 million or 17.2% of its 2009 Approved Capital Budget of \$69.011 million during period ended September 30, 2009. Actual spending to year-end is projected to be \$43.736 million or 62.9% of the 2009 Approved Capital Budget. The average spending rate over the five previous years has been 83%.

State of Good Repair projects (SOGR) represent \$15.985 million or 23% of the 2009 Approved Capital Budget. As of September 30th, 16% of the 2009 approved cash flow funding for SOGR projects was spent. The spending rate in the first nine months of last year was 28%. Solid Waste Management Services is presently projecting a year-end spending rate of 83% in this category compared to last year's spending rate of 56%.

Significant SOGR projects projected to be substantially spent by year-end are:

- *Residential Collection* (includes Townhouse Collection, Routing Application, Laneway Sweepers and Collection Yard Asset Management) projects represent \$7.140 million or 45% of the 2009 Approved Capital Budget for SOGR. 90% of this approved cash flow in 2009 is dedicated to the *Ingram and Bermondsey Yard Renovations*. It is projected that the 2009 approved cash flow will be 66% spent at year-end. This is mainly due to delayed renovation work on the Bermondsey Yard caused by the recent labor disruption. The 2008 spending rate for the Residential Collection projects was 49%.
- *Transfer Station Asset Management* projects represent \$8.845 million or 55% of the 2009 Approved Capital Budget for SOGR. Approximately 42% of this 2009 approved cash flow funds in 2009 is allocated to the *Dufferin Transfer Station*. It is projected that capital project activities and spending will continue in accordance with plans and be 97% spent at year-end. Under spending will occur in the *Disco Transfer Station* project, which represents \$0.820 million or 5% of the 2009 Approved Capital Budget for SOGR. The 2009 planned cash flow will be under spent by \$0.270 million as planned work on the storm sewers, yard waste bunker and resurfacing will continue into 2010.

Service Improvement project funding represents \$31.255 million or 45.3% of the 2009 Approved Capital Budget. The 2009 approved cash flow is for *Diversion Facilities* projects to increase waste diversion such as reuse centres, recycling, organics and single stream processing facilities, organics and recycling containers as well as projects for the collection of durable goods. Delay of the design, build and operate contract award for the *Dufferin-Disco SSO Processing Facility* will cause projected under spending of \$12.1 million in 2009. As of September 30th, the 2009 approved cash flow funding for *Diversion Facilities* projects was 20% spent. The spending rate in the same period last year was 65%. Solid Waste Management Services is presently projecting a year-end spending rate of 49% in this category compared to last year's spending rate of 89%.

Legislated projects represent \$21.711 million or 31.5% of the 2009 Approved Capital Budget. These projects include expenditures on landfills including *Green Lane* and the *Perpetual Care Of Old Landfills*. As of September 30th, the total approved funding for Legislated projects was 14 % spent. The spending rate in the same period of the last year was 64%. The *Perpetual Care Of Old Landfills* project is 20% spent as of September 30th and is projected to be 54% spent by year-end. *Green Lane* projects are 11% spent as of September 30th and are projected to be 78% spent by year-end. Projected under spending of \$3 million on *Green Lane* is driven mainly by the *Buffer Land Acquisition* project which is projected to be 71% spent by year-end and new cell excavation and base construction which started in May 2009 is projected to be 75% spent by year-end. Solid Waste Management Services is presently projecting a year-end spending rate of 68% in this category compared to last year's spending rate of 59%.

Technical and In-year Budget Adjustments (see Appendix 2)

As detailed in Appendix 2 technical and in –year budget adjustment are requested by City Clerk’s Office, Sustainable Energy Plan, PF&R and F&RE. These adjustments are required to accommodate increase in the estimated costs, to allow for the timely completion of project installation, and to accommodate Health and Safety issues.

Additional Carry Forward Funding (see Appendix 3)

The City’s Carry Forward Policy permits City Programs, Agencies, Boards and Commissions to adjust their prior year carry forward requirements based on updated information after all year-end transactions are identified and processed. 2008 carry forward funding in the amount of \$1.835 million is requested by Financial Services to continue work on 2008 approved capital projects.

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SIGNATURE

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ATTACHMENTS

- Appendix 1 - Consolidated Capital Variance Report for the Quarter Ended September 30, 2009
- Appendix 1.1 - Consolidated Capital Variance Report for the Quarter Ended September 30, 2009 - SOGR
- Appendix 2 - Budget and Technical Adjustments for Quarter Ended September 30, 2008
- Appendix 3 - 2008 Carry Forwards Funding Adjustments