

2009 Final Year-End Capital Variance Report and Capital Variance Report for the Four-Months Ended April 30, 2010

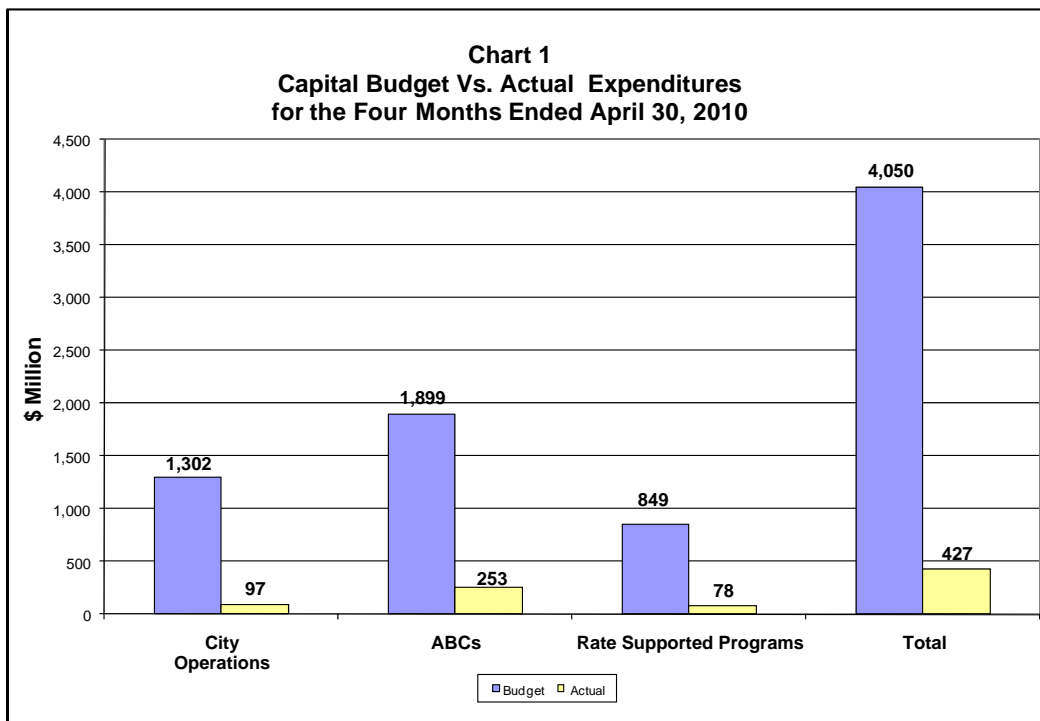
Date:	June 24, 2010
To:	Budget Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	P:\2010\Internal Services\FP\Bc10012Fp (AFS #11646)

SUMMARY

The purpose of this report is to provide the City of Toronto 2009 Final Year-end Capital Variance Report, the 2010 Capital Variance for the Four Months Ended April 30, 2010 and projected actual expenditures to December 31, 2010. Furthermore, the report seeks Council's approval for in-year budget adjustments, additional 2009 and prior year carry-forward funding adjustments and to report on project closures.

The 2009 Final Year-End Capital Expenditure totalled \$1.988 billion or 66% of the 2009 Council Approved Capital Budget of \$3.011 billion. This represents a decrease of \$0.135 million from the expenditures reported in the 2009 Preliminary Year-End Capital Variance report. The change is attributed to immaterial adjusting entries processed after the 2009 Preliminary Variance Report was produced.

Capital expenditures for the four months ended April 30, 2010 totalled \$427.489 million or 10.6% of the 2010 Approved Capital Budget of \$4.050 billion. This spending pattern is consistent with prior years, given that capital activities tend to be concentrated in the last eight months of the year. As detailed in Appendix 1-1, projected actual expenditures to year-end is estimated at \$3.304 billion or 81.6% of the total 2010 Approved Capital Budget of \$4.050 billion. It is noted that 30 of 35 or 86% of City Programs, Agencies, Boards and Commissions, have projected spending to year-end in excess of 70% of their individual budgets. Tax Supported Programs project a spending rate of 82.4% to year-end; while Rate Supported Programs project spending of 78.4% of their total 2010 Approved Capital Budget.



In accordance with the City's Carry Forward Policy, this report requests Council's approval to carry forward funding to continue work in 2010 on capital projects that were not completed by on December 31, 2009. The additional carry forward funding request for 2009 approved capital projects totals \$196.577 million as detailed in Appendix 3.1; and \$0.410 million for 2008 and earlier years capital projects (see Appendix 3.2) with no increase to the 2010 Council Approved debt funding.

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RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommend that:

1. Council approve the in-year adjustments to the 2010 Approved Capital Budget as detailed in Appendix 2.
2. Council approve carry forward funding for unspent 2009 capital totalling \$196.577 million as detailed in Appendix 3.1, in order to continue work on these capital

- projects, and that the 2010 Approved Capital Budget be adjusted accordingly with no incremental impact on debt.
3. Council approve carry forward funding for unspent 2008 and prior year capital projects totalling \$0.410 million with no incremental increase to the 2010 Council approved debt funding as detailed in Appendix 3.2, and that the 2010 Approved Capital Budget be adjusted accordingly.
 4. The Budget Committee forward this report to the Executive Committee for its consideration.

FINANCIAL IMPACT

2009 Final Year-End Capital Variance

The 2009 Final Year-End Capital Expenditure totalled \$1.988 billion, which represents a decrease of \$0.135 million from the 2009 Preliminary Year-End Capital Expenditure. This change is immaterial and was the result of adjustments and accounting entries made subsequent to completion of the 2009 Preliminary Capital Variance report (see Appendix 1).

Capital Variance for the Four Months Ended April 30, 2010

As summarized in Table 1 below, for the four months ended April 30, 2010, actual expenditures for Tax Supported Programs totalled \$349.231 million or 10.9% of the 2010 Approved Capital Budget of \$3.201 billion. This spending rate is consistent with prior years. Rate Supported Programs spent \$78.258 million or 9.2% of their 2010 Approved Capital Budget of \$849.044 million. Projected spending rates to year-end will approximate 82.4% of the 2010 Approved Capital Budget for Tax Levy Programs and 78.4% for Rate Supported Programs. The overall projected spending rate to year end is approximately the same as in the past four years.

Table 1 Corporate Capital Variance Summary for the Four Months Ended April 30, 2010					
	2010 Approved Budget	Actual Expenditures - January 1 to April 30, 2010		Projected Actual to Year-End 2010	
		\$000	%	\$000s	% of Plan
Tax Supported Programs:					
Citizen Centred Services - "A"	266,911	25,540	9.6	210,529	78.9%
Citizen Centred Services - "B"	562,986	30,291	5.4	436,754	77.6%
Internal Services	248,893	26,156	10.5	187,343	75.3%
Other City Programs	222,762	14,702	6.6	157,138	70.5%
Agencies, Boards & Commissions	1,899,160	252,541	13.3	1,646,619	86.7%
Total - Tax Supported	3,200,712	349,231	10.9	2,638,383	82.4%
Rate Supported Programs:					
Toronto Parking Authority	33,105	7,040	21.3	33,105	100.0%
Solid Waste Management	95,267	3,372	3.5	70,363	73.9%
Toronto Water	720,672	67,846	9.4	561,826	78.0%
Total Rate Supported	849,044	78,258	9.2	665,294	78.4%
Total	4,049,756	427,489	10.6	3,303,678	81.6%

ISSUE BACKGROUND

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

COMMENTS

2009 Final Year End Capital Variance Report

In the 2009 Preliminary Capital Variance Report, the Deputy City Manager and Chief Financial Officer committed to "report back to the Budget Committee on any change to City of Toronto's 2009 year-end financial position after the external audit of the 2009 financial statements is finalized, if necessary." As shown in the Table 2 below, the 2009 Final Year-End Capital Expenditure was \$0.135 million lower than the capital expenditure previously reported in the 2009 Preliminary Year-End Capital Variance Report. Overall, the changes are immaterial, and are mainly attributed to Transportation Services with an expenditure decrease of \$0.606 million and Toronto Water with an expenditure increase of \$0.434 million.

CITY OF TORONTO Preliminary vs Final 2009 Capital Variance Report For the Year Ended December 31, 2009 (\$000)				
	2009 Approved Budget	Final 2009 Actual Expenditures \$	Preliminary 2009 Actual Expenditures \$	Variance - Final Vs. Preliminary Expenditure
Citizen Centred Services - "A"	217,729	114,447	114,456	(9)
Citizen Centred Services - "B"	498,279	255,447	256,053	(606)
Internal Services	198,695	110,721	110,656	65
Other City Programs	95,499	52,554	52,401	154
Agencies, Boards and Commissions	1,329,299	902,268	902,442	(174)
TOTAL - TAX SUPPORTED PROGRAM	2,339,501	1,435,438	1,436,007	(569)
Toronto Parking Authority	30,495	8,403	8,403	0
Solid Waste Management Services	71,111	28,877	28,877	(4)
Toronto Water	569,911	514,843	514,409	434
TOTAL RATE SUPPORTED PROGRAM	671,517	552,122	551,688	434
TOTAL All PROGRAMS	3,011,018	1,987,560	1,987,695	(135)

Recreational Infrastructure Canada Programs and Infrastructure Stimulus Fund excluding TTC

In 2009, City Council entered into intergovernmental stimulus agreements with the Government of Ontario for funding towards approved projects under the Recreational Infrastructure Canada program in Ontario and the Ontario Recreation Program (RInC-REC); and, the Government of Canada for funding towards approved projects under the Infrastructure Stimulus Fund (ISF). Under these agreements, the City was able to receive funding towards the delivery of City stimulus capital projects and to create jobs in order to help mitigate the impact of the recession.

Both the Federal and Provincial governments have prescribed criteria that require close attention and diligence of City staff in order to take advantage of all funding entitlement. Key among the prescribed criteria is that the stimulus projects must be substantially completed by March 31, 2011. As a result, infrastructure stimulus projects are being closely monitored by the City Manager's Office and the Financial Planning Division to identify risks threatening timely completion and to take appropriation action to mitigate such risks.

As detailed in Appendix 1a, spending on ISF-funded projects (excluding TTC) totalled \$8.479 million or 2.7% of the 2010 Approved Budgets for ISF-funded projects of \$318.522 million. Spending will accelerate significantly during the last eight months to \$277.606 million or 87.2% of the 2010 approved budgets for ISF-funded capital projects. It is noted that 91% of the ISF-funded projects will be completed by March 31, 2011 and that the City will recover 85.7% of the Federal funding available under the ISF Program. The under spending is attributed to a number of cancelled projects; legal issues surrounding the issuance of the construction contracts; building permits delays which has threatened the completion of projects on time; delays in obtaining all required Municipal approvals; as well as lower than originally estimated cost of the projects.

Appendix 1b indicates that spending on RInC-funded projects totalled \$0.908 million or 1.3% of the 2010 Approved Budgets for RInC-funded capital projects of \$67.299 million. Spending will increase to \$56.599 million or 84.7% of the 2010 Approved Budgets for RInC capital projects by year-end. It is noted that 96% of the RInC-funded projects will be completed by March 31, 2011, and that the City will recover 83.2% of the funding available under RInC Program. The under-spending is attributed mainly to projects that will be completed under-budget.

A summary of projected spending performance to March 31, 2011 along with a discussion of risks and mitigation strategies being considered follow:

- ***Emergency Medical Services (EMS)*** projects spending of 79% of its approved ISF-funded capital projects by March 1, 2011. The under-spending is due to legal issues surrounding the issuance of construction contracts, as well as potential building permit delays. Contractors will be asked to accelerate construction in order to achieve a higher completion rate by the March 31, 2011 deadline.
- ***Parks, Forestry & Recreation (PF&R)*** projects spending of 100% of its ISF and RInC-funded capital projects by March 31, 2011.
- ***Transportation Services*** projects spending 94.3% of its ISF-funded capital projects by March 31, 2011. The under-spending is attributed to the cancellation of several laneway and local road reconstruction projects because of unanticipated new developments in their respective project areas. The Program is projecting spending 100% of its RInC-funded capital projects by March 31, 2011.
- ***Facilities Management and Real Estate (FM&RE)*** projects spending of 72% of its ISF-funded capital projects by March 11, 2011 mainly due to a delay in acquiring the building for the *Father Henry Carr Community Hub* project.
- ***Toronto Police Service's (TPS)*** projects spending of 70% of its ISF-funded capital projects by March 31, 2011 is mainly due to delay in obtaining all Municipal approvals for the *14 Division* project that anticipates construction of the facility to be completed following March 31, 2011. In an effort to achieve greater completion rates prior to the ISF completion deadline, the TPS will prioritize their ISF-funded capital projects.
- ***Toronto Water (TW)*** projects spending of 86.8% of its ISF-funded capital projects by March 31, 2011. The under-spending is mainly due to the *Eastern Beaches Water Quality* project which has been deferred indefinitely because recent cost estimates were significantly higher than initially planned; and the *Spadina-Wellington Trunk Watermain* project that was tendered well below estimate and additional funds are not required to complete the project.

CAPITAL VARIANCE FOR THE FOUR MONTHS ENDED APRIL 30, 2010

At its meeting of December 8, 2009, Council approved a 2010 Tax-Supported Capital Budget of \$2.431 billion and on November 30, 2009, Council approved a 2010 Rate-Supported Capital Budget of \$760.650 million for a total Tax and Rate-Supported 2010 Capital Budget of \$3.191 billion. The 2010 Rate-Supported Capital Budget consists of \$669.905 million for Toronto Water, \$26.732 million for Toronto Parking Authority and \$62.013 for Solid Waste Management. Including additional 2009 carry forward funding, the 2010 Adjusted Capital Budget is \$4.004 billion.

Citizen Centred Services "A"

For the four months ended April 30, 2010, actual capital expenditures for this Cluster totalled \$22.452 million or 10.2% of the 2010 Approved Capital Budget of \$220.883 million. Capital spending for Citizen Centred Services "A" is expected to increase to \$167.155 million or 75.7% by year-end. As shown in the table below, five Programs project capital expenditures to December 31, 2010 in excess of 85% of their approved 2010 capital budget, while another two Programs will spend more than 72%. This projected performance represents a significant improvement over prior years.

Citizen Centred Services "A" Capital Variance Summary for the Four Months Ended April 30, 2010 (\$ Million)				
	Four Months Ended April 30, 2010		Projected 2010 Year-End Spending	
	Over/(Under) \$	% of Budget Spent	Over/(Under) \$	% of Budget Spent
311 Customer Service Strategy	(7.4)	25.3	(2.1)	79.2
Children's Services	(16.6)	13.9	0.1	100.3
Court Services	(0.4)	0.0	0.0	100.0
Economic Development & Tourism	(23.2)	7.9	(9.4)	62.8
Emergency Medical Services	(17.0)	3.0	(2.6)	85.3
LTCHS (Homes for the Aged)	(17.1)	5.0	(7.5)	58.4
Parks, Forestry & Recreation	(144.9)	9.3	(33.6)	79.0
Shelter, Support and Housing Administration	(5.9)	22.5	0.0	100.0
Toronto Employment and Social Services	(8.9)	4.3	(1.3)	85.7
Total	(241.4)	9.6	(56.4)	78.9

Only two Citizen Centred Services "A" Programs project spending less than 70% of their approved 2010 Capital Budget as follows:

Long-Term Care Homes & Services (LTCHS) – projections indicate that all but one capital project will be 100% spent by year-end. The exception is *Kipling Acres Redevelopment* for which the 2010 approved cash flow will approximate only 12% by year-end. The under-spending is primarily due to the Ministry of Health and Long-Term Care delaying its long-term care home capital renewal schedule, thereby impacting the

redevelopment of Kipling Acres. While demolition and construction of Kipling Acres were expected to begin in the fall of 2010, they are now expected to commence in early 2011. However, an architect has been retained and the project is in the design phase.

Economic Development and Culture spent \$2.0 million or 7.9% of its 2010 Approved Capital Budget of \$25.100 million during the first four months of 2010. Capital spending is expected to reach \$15.800 million or 62.8% of the 2010 Approved Capital Budget by year-end. The projected year-end under-spending is mainly due to the following projects:

- *Fort York Visitor Centre* project (\$5.269 million) has been delayed as a result of the complexity of the purchasing process involved in a two stage competition for the Visitor Centre
- The *Guild Revitalization* project (\$0.670 million) has been delayed due to protracted negotiation with the investment partner. A Letter of Intent was signed last year and the City is waiting for the next draft of the partner's proposal

Citizen Centred Services "B"

For the four months ended April 30, 2010, actual capital expenditures for this Cluster totaled \$30.291 million or 5.4% of the 2010 Approved Capital Budget of \$562.986 million. Capital spending for Citizen Centred Services "B" is expected to increase to \$436.754 million or 77.6% of the 2010 Approved Capital Budget by year-end. As shown in the table below, projected under-spending at year-end is estimated at \$125.3 million, predominantly attributed to Transportation Services and the Waterfront Revitalization Initiative. It is noted that except for the Waterfront Revitalization Initiatives, all other Citizen Centred Services "B" Programs project spending well over 75% of their respective 2010 Approved Capital Budget.

Citizen Centred Services "B" Capital Variance Summary for the Four Months Ended April 30, 2010 (\$ Million)				
	Four Months Ended April 30, 2010		Projected 2010 Year-End Spending	
	Over/(Under) \$	% of Budget Spent	Over/(Under) \$	% of Budget Spent
City Planning	(7.2)	6.2	(1.0)	86.8
Fire Services	(6.2)	18.9	(1.5)	81.1
Transportation Services	(405.1)	5.9	(85.2)	80.2
Waterfront Revitalisation Initiative	(114.1)	2.7	(38.5)	67.1
Total	(532.7)	5.4	(126.2)	77.6

Transportation Services capital expenditure for the four months ended April 30, 2010 totalled \$25.214 million or 5.9% of its 2010 Approved Capital Budget of \$430.828 million. In general, the spending rate is consistent with project schedules for construction. The Program projects spending of \$345.086 million or 80.1% of its 2010 Approved Capital Budget by year-end. Nevertheless, because of the size of the Transportation Services

capital budget, \$85 million of its under-spending is significant. Most of the under-spending is attributable to projects that require third party coordination and/or funding.

Contract awards for reconstruction, repair and resurfacing of various arterial and local roads and rehabilitation of bridges will soon be approved. It is anticipated that spending on these projects will increase significantly following the contract award, thus enabling the Program to achieve the projected year-end spending rate.

The Waterfront Revitalization Initiative's capital expenditures for the four month period ended April 30, 2010 totalled \$3.147 million or 2.68 % of the 2010 Approved Capital Budget of \$117.284 million. Capital spending is expected to reach \$78.750 million or 67.1% of the 2010 Approved Capital Budget by year-end.

The projected year end variance of \$38.534 million is partly due to front-loading of some initiatives in 2010 to ensure that Federal Government funding is invested and fully spent prior to the Federal Government sunset date of March 31, 2011. As a result, the City's funding for Waterfront Revitalization projects is not distributed to Waterfront Toronto resulting in under-expenditure. Delays are also being experienced in the implementation of the *West Don Lands Precinct* project. This is due to a longer time frame for site remediation and flood protection land form construction than originally planned. Similarly, the *Central Waterfront Public Realm* project was delayed due to the time-frame for finalizing the environmental assessment. Finally, the finalization of contribution agreements is delaying the transfer of funds for the East Bayfront, Fort York Pedestrian Bridge and Gardiner Environmental Assessment Studies.

Internal Services

For the four months ended April 30, 2010 actual capital expenditures for Internal Services totalled \$26.156 million or 10.5% of their collective 2010 Approved Capital Budget of \$248.893 million as shown in Appendix 1. Capital spending is expected to increase to \$187.343 million or 75.3% of the 2010 Approved Capital Budget by year-end. As shown in the table below, except for Financial Services which projects spending of 30% of its 2010 approved cash flow, all other Programs will spend in excess 75% at year end.

Internal Services Capital Variance Summary for the Four Months Ended April 30, 2010 (\$ Million)				
	Four Months Ended April 30, 2010		Projected 2010 Year-End Spending	
	Over/(Under) \$	% of Budget Spent	Over/(Under) \$	% of Budget Spent
Facilities & Real Estate	(84.8)	10.3	(1.0)	78.3
Financial Services	(26.8)	0.4	(18.7)	30.3
Fleet Services	(52.8)	13.9	(12.1)	80.3
Information Technology	(58.3)	11.9	(10.2)	84.5
Total	(222.7)	10.5	(61.5)	75.3

As shown in the Table above, Internal Services will be under-spent by \$61.5 million mainly attributed to Financial Services, Fleet Services and Information and Technology.

Financial Services projected expenditures to year-end is \$8.148 million or 30.3 % of the 2010 Approved Capital Budget, resulting in under-spending of \$18.7 million. The under-spending is mainly due to the following projects:

- *Financial Planning, Analysis & Reporting System (FPARS)* – Under-spending at year end is projected at \$14.743 million which is attributed to delays in finalizing the RFP for acquiring external resources to assist City staff with the financial and human resources, business process changes and subsequent implementation of the Public Sector Budget Formulation solution.
- Due to a slow start in the *Payment Processing Centre Relocation project* and the *Revenue Phase 2* project, the under-spending in these capital initiatives is projected to be \$0.600 million and \$1.215 million respectively by year-end.
- *The e-Procurement Implementation* project has been deferred to the next year due the resource constraints available from the SAP Competency Centre and from Accounting Services (Financial Accounting Systems & Policy).
- The *Utility Billing System Upgrade* project has been delayed as a decision was made to delay the start of this project to shift more resources to the Tax Billing System Upgrade project resulting in \$0.386 million under-spending in 2010.
- *The Accounts Payable Process Improvements* project is expected to be completed in 2011 with 2010 projected under spending of \$0.372 million. The contract with the previous vendor has been terminated; however, this project is proceeding with amendments to the project scope to include new functionalities.

Fleet Services spent \$8.502 million or 13.9% of its 2010 Approved Capital Budget of \$61.343 million during the four months ended April 30, 2010. Fleet Service's projected expenditures to year-end are expected to be \$49.287 million or 80.3% of the 2010 Approved Capital Budget. The under-expenditure of \$12.056 million is primarily due to a delay in procurement resulting from specification development with Divisions for

specialized vehicles and equipment, such as side-loaders, pending new standards with diesel vehicles, as well as the fact that electric vehicles are currently not available in the Toronto area. Fleet Services has signed memoranda of understanding with several electric vehicle manufacturers indicating that they will make electric vehicles available for purchase by City of Toronto in 2011. Vehicle design changes have delayed the replacement of Fire Service vehicles, as significant time was required to evaluate and confirm whether the new designs would serve operational requirements.

Information and Technology spent \$7.848 million or 11.9% of its 2010 Approved Capital Budget of \$66.084 million for the four months ended April 30, 2010; and projects expenditures to year-end of \$55.930 million or 84.6% of the 2010 Approved Capital Budget. This translates to under-spending of \$10.154 million because of resource constraints; project interdependences that delayed the *Geospatial* projects until SAP resources (currently focussing on *FPARS* project) become available; delays in contract negotiations that are expected to be completed by July 2010; recent contract negotiations that resulted in anticipated savings of approximately \$1.9 million in desktop acquisitions in 2010; and, delays in posting funding for capital positions due to some internal reorganization of staffing cost centres that resulted in Capital costs being understated by approximately \$2 million for this four month period.

Other City Programs

For the four months ended April 30, 2010, actual capital expenditures for Other City Programs totalled \$12.698 million or 5.7% of the 2010 Approved Capital Budget of \$222.762 million. Capital spending for these Programs is expected to increase to \$157.138 million or 70.5% of their collective 2010 Approved Capital Budget by year-end. City Clerk's Office will be 98.4% spent by year end as indicated in the table below; and the Radio Replacement Project will be fully spent by year-end.

Other City Programs Corporate Four Months Capital Variance Summary for the Period Ended April 30, 2010 (\$ Million)				
	April 30, 2010		Spending	
	Over/(Under)	% of Budget	Over/(Under)	% of Budget
	\$	Spent	\$	Spent
City Clerk's Office	(5.8)	36.5	(0.1)	98.4
Sustainable Energy Plan	(43.0)	5.9	(12.2)	73.3
Union Station	(131.1)	6.2	(53.3)	61.9
Radio Replacement Project	(28.2)	0.0	0.0	100.0
Total	(208.1)	6.6	(65.6)	70.5

In total, Other City Programs will be under-spent by \$65.623 million of which \$53.279 million is attributed to the Union Station and \$12.195 to the Sustainable Energy Plan projects.

The *Sustainable Energy Plan* capital expenditures for the period ended April 30, 2010 totalled \$2.698 million or 5.9 % of the 2010 Approved Capital Budget of \$45.713 million. It is projected that by year end capital spending will increase to \$33.517 million or 73.3% of the 2010 Approved Capital Budget.

The following projects are the principal causes of the projected under-expenditure:

- *Toronto Energy Conservation Fund* – Actual loan disbursement to year-end is estimated to be \$13.362 million or 62.3% of the 2010 approved cash flow of \$21.445 million. The revolving loan program continues to receive applications. These applications require review which has caused a timing delay between the commitment of funds and their actual disbursement.
- *Upgrades –City Facilities* - The pilot project concluded in early 2010 but resulted in the schedule for window installations to be extended into 2011, consequently, \$1.565 million will be unspent at year end.

Union Station Project actual expenditures during the four months ended April 30, 2010 totalled \$8.685 million or 6.2% of its 2010 Approved Capital Budget of \$139.759 million. Capital expenditures to year-end are estimated to be \$86.480 million or 61.9% of its 2010 Approved Capital Budget.

Work on the *Pedestrian Bridge* project is currently 81% completed. The architectural and design enhancements for the development of the new retail space at Union Station are currently \$0.228 million or 4% spent; however, it is expected that this project will be completed by year-end.

The RFP for design work for the *Northwest Path* project was issued late in April 2010 and it is anticipated that utility reallocation work will be 75% complete by year-end.

Construction contracts indicate spending of \$1.364 million or 1.8% of the 2010 approved cash flow. An updated construction schedule is currently being prepared by Vanbots (Contracting Company). It is anticipated that the schedule for Stage 1 will be completed by the end of June. Other contracts are still being awarded which will allow for more accurate project schedule and spending forecasts. It is also anticipated that more cost effective opportunities will arise and their implementation will increase the projected year-end expenditures.

Agencies, Boards and Commissions (ABCs)

For the four months ended April 30, 2010, actual capital expenditures for Agencies, Boards and Commissions totalled \$252.541 million or 13.3% of their 2010 Approved Capital Budget of \$1.899 billion. Capital spending for Agencies, Boards and Commissions is expected to increase to \$1.647 billion or 86.7% of their collective 2010 Approved Capital Budget by year-end. As shown in the table below, most ABCs project

spending in excess of 75% of their individual 2010 Approved Capital Budget by year-end; the exceptions are Exhibition Place and Yonge Dundas Square.

Agencies, Boards and Commissions Capital Variance Summary for the Four Months Ended April 30, 2010 (\$ Million)				
	Four Months Ended April 30, 2010		Projected 2010 Year-End Spending	
	Over/(Under) \$	% of Budget Spent	Over/(Under) \$	% of Budget Spent
Exhibition Place	(28.6)	7.3	(7.9)	74.3
Go Transit	0.0	100.0	0.0	100.0
Toronto And Region Conservatio	(4.3)	33.3	0.0	100.0
Toronto Police Service	(82.2)	9.0	(3.5)	96.2
Toronto Port Authority	(1.7)	0.0	0.0	100.0
Toronto Public Health	(4.7)	13.7	(0.9)	84.1
Toronto Public Library	(25.5)	14.3	(3.2)	89.4
Toronto Transit Commission	(1,474.1)	12.3	(4.4)	99.7
Yonge-Dundas Square	(0.4)	0.0	(0.2)	52.6
Toronto Zoo	(8.9)	9.5	(2.3)	76.9
Sony Centre (Hummingbird)	(16.1)	32.1	(0.1)	99.8
Total	(1,646.6)	13.3	(22.4)	86.7

Exhibition Place capital expenditures for the period ended April 30, 2010 totalled \$2.268 million or 7.3 % of its 2010 Approved Capital Budget of \$30.910 million. Capital expenditures to year-end are estimated to be \$22.981 million or 74.3% of its 2010 Approved Capital Budget.

Exhibition Place capital expenditures totalled \$0.033 million or 1.2% of the 2010 Approved Capital Budget for debt-funded projects of \$2.834 million including carry forward adjustments. However, it is projected that the total approved cash flow will be spent by year-end. During the four months ended April 30, 2010, efforts have been focussed on completing the ISF-funded projects which have contributed to the under spending of the debt-funded projects.

The *Green Energy Initiative* projects' 2010 approved cash flow of \$6.040 million was entirely unspent during the four months ended April 30, 2010. It is estimated that only \$0.540 million or 8.9% of the approved cash flow for this project will be spent by year-end. The under spending is attributed to unsecured third party funding for these projects. Exhibition Place is continuing to negotiate agreements in order to secure third party funding by year-end.

Yonge-Dundas Square's (YDS) capital expenditures for the period ended April 30, 2010 totalled \$0.004 million or 1% of its 2010 Approved Capital Budget of \$0.445 million. Capital spending is projected to be \$0.234 million or 52.6% of its 2010 Approved Capital Budget by year-end.

The *State of Good Repair* project for the structural and mechanical/electrical upgrades to the Square is underway with expected completion by September 2010 and a projected expenditure of \$0.139 million which is \$0.106 million lower than the approved cash flow of \$0.245 million in 2010.

The ISF-funded capital project to *Construct a Permanent Storage Facility* on the eastern edge of the Square began immediately upon approval in the fourth quarter 2009 with architectural design, technical drawings and engineering work underway, although the YDS Board is still addressing some complications arising from the location of underground utilities. Actual capital expenditures of \$0.004 million reported to-date represents 2% of the approved cash flow of \$0.200 million. Projected capital spending to 2010 year-end is \$0.095 million or 47% of the 2010 approved cash flow, with planned project completion by March 31, 2011.

The Toronto Transit Commission's (TTC) capital expenditures for the four months ended April 30, 2010 totalled \$206.405 million or 12.3 % of the 2010 Approved Capital Budget of \$1.7 billion. Approved cash flow includes 2009 funding carried forward in the amount of \$363.621 million. The TTC is projecting year end spending of \$1.7 billion or 100% of their Approved Capital Budget.

- State of Good Repair (SOGR) projects represent 40.5% or \$679.742 million of the 2010 Approved Capital Budget. As of April 30th, 8.6% or \$58.386 million of the approved cash flow funding for SOGR projects was spent, the TTC is projecting year end spending of \$654.178 million or 96.2% of their SOGR projects. Significant SOGR projects include:
 - *The Surface Track* project will be \$4.570 million over budget by year-end primarily as a result of an increase in the cost of the TTC portion of the St. Clair Right of Way project.
 - *The Signal Systems* project, which is predominately SOGR work, will be \$17.898 million under budget by year-end due to the Yonge-University-Spadina Automatic Train Control contract being awarded later than expected and being a lower than budgeted amount.
 - *The Equipment – various* projects, which is predominately SOGR work, will be \$6.110 million under budget by year-end due to a delay in the installation of the bus cleaning equipment at the Wilson, Malvern and Arrow Road garages.
 - *The Easier Access Phase II & III* project which is also predominately SOGR work will be \$2.227 million under budget by year-end due to construction delays at the Lawrence West and Pape Stations.
 - *Automotive Non-Revenue Vehicles* will be \$3.046 million under budget by year-end due to the slippage of the purchase of various replacement vehicles.

- All other TTC projects represent 59.5% or \$1.0 billion of the 2010 Approved Capital Budget. As of August 29th, 14.8% or \$148.019 million of the approved funding for these projects was spent, the TTC is projecting year end spending of \$1.022 billion for these projects. Significant projects include:
 - *The Spadina Subway Extension* project will be \$42.325 million over budget due to more engineering and geotechnical work being undertaken than expected and also due to a difference in timing for milestone payments for vehicles, offset by the deferral of payments for property acquisition and construction work.
 - *The Queensway Garage Expansion* project will be \$5.733 million under budget as a result of the deferral of the completion of construction to 2011.
 - *The Transit City* project is projected to be on budget at year-end.

It is noted that TTC did not submit details of its ISF-funded Capital projects in the format requested by the City. Therefore, it is not certain whether there are any projects that will not be completed by March 31, 2011 or whether the available Federal funding under this stimulus program will be fully utilized.

Rate Supported Programs

For the four months ended April 30, 2010, Rate Supported Programs' capital expenditures totalled \$78.258 million or 9.2% of their collective 2010 Approved Capital Budget of \$849.044 million. Capital spending is expected to increase to \$665.294 million or 78.4% of their collective 2010 Approved Capital Budget by year-end. Toronto Parking Authority anticipates that all its projects and proceeding in accordance with plan and will be fully spent by year-end. Toronto Water Solid Waste Management Services both project spending in excess of 70% of their 2010 Capital Budget; however, the under-spent amounts will be significant.

Rate Supported Programs Capital Variance Summary for the Four Months Ended April 30, 2010 (\$ Million)				
	Four Months Ended April 30, 2010		Projected 2010 Year- End Spending	
	Over/(Under) \$	% of Budget	Over/(Under) \$	% of Budget
Toronto Water	(652.8)	9.4	(158.8)	78.0
Toronto Parking Authority	(26.1)	21.3	0.0	100.0
Solid Waste Management Services	(91.9)	3.5	(24.9)	73.9
Total	(770.8)	9.2	(183.7)	78.4

Toronto Water 2010 Approved Capital Budget of \$720.672 million was 9.4% or \$67.846 million spent as at April 30, 2010. It is projected that expenditures to year-end will approximate \$561.826 million or 78% of the 2010 Approved Capital Budget. This

represents a 9% increase in total spending when compared to the 2009 year-end spending of \$514.838 million.

Solid Waste Management Services (SWMS) capital expenditures for the four months ended April 30, 2010 totalled \$3.372 million or 3.5% of the 2010 Approved Capital Budget of \$95.267 million. SWMS project year-end spending of \$70.363 million or 74% of the 2010 Approved Capital Budget. The projected year-end under-spending of \$25.194 million is attributable to the result of the following:

- *Diversion Systems* include reuse centres, recycling, organics and single stream processing facilities expenditures, organics and recycling containers as well as projects for mandatory diversion enforcement, recycling upgrades for multi-units, tractor trailers and the RFID/GPS system. These projects have a 2010 Approved Capital Budget of \$13.5 million and will be under-spent by \$2.2 million by year-end 2010 mainly due to slower implementation of organics and recycling projects for multi-residential buildings.
- Delay of the design, build and operate contract award for the *Disco SSO Processing Facility* resulted in significant under-spending in 2009. On February 22 and 23, 2010, City Council authorized the General Manager, Solid Waste Management Services, to finalize negotiations and execute a sole source agreement with AECOM Canada Ltd to complete this facility. Delay in planning and design by the contractor is expected to reduce spending for 2010 by \$22.3 million or 69% of the 2010 approved cash flow of \$32.300 million. 2010 spending will focus on site remediation and development. SWMS is planning to carry forward the required funding from 2010 to 2011.
- The *Mixed Waste Processing Facilities (Design and Specifications)* project has a 2010 approved cash flow of \$0.400 million and is projected to be under-spent by \$0.350 million by year-end 2010. Project spending is estimated to be \$0.050 million or 13% to the end of 2010 for preliminary work on an RFP. The viability of this project will be addressed through the 2011 Capital Budget process.

Technical and In-year Budget Adjustments

As detailed in Appendix 2 technical and in-year budget adjustments are requested by Economic Development and Culture, Park, Forestry and Recreation, Facilities Management and Real Estate and Toronto Public Health. These adjustments are required to accommodate increase in reserve funding, to allow for the acceleration or reallocation of projects that will reduce the cash flow needed in future years with no debt impact.

Additional Carry Forward funding

The City's Carry Forward Policy permits City Programs, Agencies, Boards and Commissions to adjust their prior year carry forward requirements based on updated year end information. Appendices 3.1 and 3.2 detail additional 2009 and 2008 carry forward funding adjustments for City Programs and ABCs projects.

One-Year carry forward funding into 2010 totalling \$196.577 million is required by various City Programs, Agencies, Boards and Commissions to continue work on 2009 approved capital projects that were not completed. It is noted that reductions included in Appendix 3.1 are to correct overstated carry forward funding estimates already included in the 2010 Council Approved Capital Budget.

Additional 2008 and prior years' carry forward funding of \$0.410 million with no incremental increase on debt, is required by City Planning and Parks, Forestry and Recreation as detailed in Appendix 3.2. In accordance with the City's Carry Forward Policy, carry forward funding for projects approved two or more years earlier, are treated as new capital projects and their debt funding must be reconfirmed; and to ensure that the approved debt limits for 2010 are not exceeded, other approved capital projects were appropriately adjusted.

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SIGNATURE

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Deputy City Manager and Chief Financial Officer

ATTACHMENTS

- Appendix 1 - 2009 Final Capital Variance Report for the Year Ended December 31, 2009
- Appendix 1.1- 2010 Consolidated Capital Variance Report for the Four Months Ended April 30, 2010
- Appendix 1.a - Consolidated Capital Variance Report for ISF projects for the Four Months Ended April 30, 2010
- Appendix 1.a-1 - Capital Variance Report for ISF projects for the Four Months Ended April 30, 2010 by Project
- Appendix 1.b - Consolidated Capital Variance Report for RInC projects for the Four Months Ended April 30, 2010
- Appendix 1.b-1 - Capital Variance Report for RInC projects for the Four Months Ended April 30, 2010 by Project
- Appendix 2 - Technical and In-Year Adjustments for the Four Months Ended April 30, 2010
- Appendix 3.1 - 2009 Carry Forwards Funding Adjustments
- Appendix 3.2 - 2008 Carry Forwards Funding Adjustments
- Appendix 4 - Capital Projects Recommended for Closure