



STAFF REPORT ACTION REQUIRED

Toronto Transit Commission 2010 Approved Capital Budget and 2011-2019 Capital Plan Adjustments

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| Date: | August 4, 2010 |
| To: | Budget Committee |
| From: | Chief General Manager, Toronto Transit Commission |
| Wards: | All |
| Reference Number: | |

SUMMARY

The purpose of this report is to seek approval for reallocations in within the Toronto Transit Commission (TTC) 2009 and 2010 Approved Capital Budget and 2011-2019 Capital Plan in order to better align cash flows with program requirements.

RECOMMENDATIONS

The Chief General Manager, Toronto Transit Commission, recommends that:

1. City Council approve the cash flow adjustments and budget reallocations to TTC's approved 2010 Capital Budget and 2011-2019 Capital Plan, with a zero net impact, as detailed in Appendix 1 to this report.
2. City Council approve an increase in the budgeted contribution from the Provincial Gas Tax Revenues for Public Transit reserve fund (XR3018) in the amount of \$1,270,790; and,
3. City Council approve a contribution from the Public Transit Capital Trust reserve fund (XR3021) in the amount of \$6,186,140.

Financial Impact

2010 Capital funding in the amount of \$1.1 million is recommended to be reallocated to TTC Capital Budget project CTT015 (Yards and Roads) for Roncesvalles streetcar

platforms from TTC Capital Budget Project CTT046 (Purchase of Subway Cars). In addition, 2009 Capital funding is recommended to be reallocated to TTC Capital Budget Project CTT125 (ITS Projects) in the amount of \$13.1 million and transferred from TTC's Capital Budget Project CTT046 (Purchase of Subway Cars) in the amount of \$8.5 million and from TTC Capital Budget Project CTT110 (Building & Structures Projects – SRT) in the amount of \$4.6 million.

Finally, two other capital projects require budget adjustments due to revised estimates in 2009. \$1.017 million is recommended to be reallocated to TTC Capital Budget Project CTT026 (Transit Control Centre project) from TTC's Capital Budget Project CTT046 (Purchase of Subway Cars). As well, it is recommended that \$1.355 million be reallocated to TTC Capital Budget Project CTT112 (Bus Rebuild Program) from Project CTT046 for \$1.246 million and from CTT122 (Purchase of Streetcars) for \$0.109 million. These funding re-allocations are also based on estimated savings due to HST rebates in 2010.

Please refer to Appendix 1 of this report for a listing of the recommended changes to TTC capital projects.

Reserve Funding Adjustments:

In order to align year-end 2009 capital expenses for various approved TTC capital projects and required funding, it is recommended that Council approve two budget adjustments to contributions from transit reserve funds. The required amounts include \$6.186 million from the Public Transit Capital Trust reserve fund (XR3021) and \$1.271 million from the Provincial Gas Tax Revenues for Public Transit reserve fund (XR3018).

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

ISSUE BACKGROUND

The work on the Surface Track projects (CTT002) is progressing in 2010 based on a reprioritization of work in 2010 and in future years 2011-2019. Earlier in 2010, TTC staff reviewed the surface track program (within which the St. Clair project resides) and confirmed that a reprioritization of work into future years and beyond would address the project cost increases required to complete the St. Clair project. In June, the surface track project was again reassessed based on additional cost increases for tender pricing on Roncesvalles track work, and it was confirmed that this work can also be accommodated within this project through further reprioritization of trackwork. This work is accommodated within existing 2010 approved cashflow, and within existing project cost with no impact on City debt.

The 2010 Capital Program to replace aging streetcar tracks on Roncesvalles Avenue is progressing. Tender prices on the streetcar platform and island work were about \$1.1 million higher than budgeted. To accommodate this increase, permanent reductions in the cost of TTC Capital Budget Project CTT046 for the purchase of subway cars

project have been identified related solely to harmonized sales tax rebates with no impact upon the vehicle deliverables.

In October 2009, TTC staff advised of an increase in certain ITS Capital project expenditures; \$5.5 million in work for the CIS project that was advanced to allow for billing under the Federal Transit Secure Funding program, \$2.7 million in costs for the Geo-Spatial initiatives (Trip Planner, Next Vehicle Arrival System and E-Alerts), \$2.7 million for the Vehicle Work Order project and \$2.2 million in other smaller variances in this overall project. These increases, totalling \$13.1 million, were identified in the project estimated final costs included in the 2010 Capital Budget and 2011-2019 Capital Plan approved by City Council on December 8, 2010. To accommodate this, permanent reductions in the amount of \$4.6 million have been identified in TTC's Capital Budget project CTT110 (Buildings and Structures Projects - SRT) and \$8.5 million in TTC Capital Budget Project CTT046.

In addition, two other projects involved increased expenditures in 2009 which were identified in the project estimated final costs included in the 2010 Capital Budget and 2011-2019 Capital Plan approved by City Council on December 8, 2010, however these prior year costs were not included and approval is still outstanding. The increased costs for the Transit Control Centre (project CTT026) of \$1.017 million and for the Bus Rebuild Program (project CTT112) of \$1.355 million are being accommodated by cost reduction savings in the HST on vehicle purchases.

DECISION HISTORY

City Council, at its meeting of December 8, 2009, approved the 2010-2019 City Capital Budget.

<http://www.toronto.ca/legdocs/mmis/2009/cc/minutes/2009-12-08-cc44-mn.htm>

City Council, at its meeting of December 10, 2008, approved the 2009-2018 City Capital Budget.

<http://www.toronto.ca/legdocs/mmis/2008/cc/minutes/2008-12-10-cc28-mn.pdf>

COMMENTS

At this time, the Toronto Transit Commission seeks the cash flow and project approval adjustments outlined in this report to allow these projects to proceed in accordance with the Financial Control By-law.

CONTACTS

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SIGNATURE

Original Signed by V. Rodo

(for) Chief General Manager, Toronto Transit Commission

APPENDIX 1 – 2009 and 2010 CAPITAL BUDGET REALLOCATIONS \$000s

| WBS | Project Name | Total Project Cost | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016-2019 |
|---|--------------------------------------|--------------------|----------|------|------|------|------|------|-----------|
| CTT046 | Purchase of 372 T1 Subway Cars | 1,003,914 | 217,886 | | | | | | |
| CTT046 | Adjustments | (11,863) | (11,863) | | | | | | |
| CTT046 | Adj. 2009-19Plan | 992,051 | 206,023 | | | | | | |
| CTT122 | Purchase of 204 LRV Cars | 1,154,914 | 73,803 | | | | | | |
| CTT122 | Adjustments | (109) | (109) | | | | | | |
| CTT122 | Adj. 2009-19Plan | 1,154,805 | 73,694 | | | | | | |
| CTT110 | Building & Structures Projects - SRT | 13,347 | 4,600 | | | | | | |
| CTT110 | Adjustments | (4,600) | (4,600) | | | | | | |
| CTT110 | Adj. 2009-19Plan | 8,747 | | | | | | | |
| CTT125 | ITS Projects | 113,244 | 23,852 | | | | | | |
| CTT125 | Adjustments | 13,100 | 13,100 | | | | | | |
| CTT125 | Adj. 2009-19Plan | 126,344 | 36,952 | | | | | | |
| CTT015 | Yards and Roads | 72,717 | 2,467 | | | | | | |
| CTT015 | Adjustments | 1,100 | 1,100 | | | | | | |
| CTT015 | Adj. 2009-19Plan | 73,817 | 3,567 | | | | | | |
| CTT026 | Transit Control Centre | 78,273 | | | | | | | |
| CTT026 | Adjustments | 1,017 | 1,017 | | | | | | |
| CTT026 | Adj. 2009-19Plan | 79,290 | 1,017 | | | | | | |
| CTT112 | Bus Rebuild Program | 94,154 | 4,020 | | | | | | |
| CTT112 | Adjustments | 1,355 | 1,355 | | | | | | |
| CTT112 | Adj. 2009-19Plan | 95,509 | 5,375 | | | | | | |
| Council Approved 2009 to 2019 Budget and Plan | | 2,530,563 | 326,628 | | | | | | |
| Total Adjustment | | | | | | | | | |
| Adjusted 2009 to 2019 Budget and Plan | | 2,530,563 | 326,628 | | | | | | |