

## **Transportation Services - 2010 Cash Flow Reallocations and Deferrals Progress Report No. 3**

<b>Date:</b>	June 24, 2010
<b>To:</b>	City Council
<b>From:</b>	City Manager
<b>Wards:</b>	All Wards
<b>Reference Number:</b>	P:\2010\ClusterB\tra\tim\cc10016.tim

### **SUMMARY**

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The Transportation Services Division is recommending the reallocation of funds, within the 2010 Approved Capital Budget and 2011-2019 Capital Plan, in order to better align cash flows with program requirements. The impact on project costs resulting from the cash flow reallocations for this report is an increase of \$13,000,000 (fully recoverable from third parties) essentially for TTC work that will be carried-out this year. This is the third such report for 2010 and involves the reallocation of 2010 approved cash flows along with a corresponding acceleration and increase within other Transportation Services Capital Budget items that yield a zero net impact on the approved debt target for 2010.

### **RECOMMENDATIONS**

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**The General Manager of Transportation Services recommends that:**

1. City Council authorize the reallocation of funds in the Transportation Services' 2010 Capital Budget and 2011-2019 Capital Plan in the amount of \$1,800,000 of cash flows for 2010 detailed in Table 1, Project A, Project B, Project C and Project D attached, with a zero gross and net impact;
2. Council amend the 2010 Approved Transportation Services' Capital Budget by adding one previously approved subproject, Simcoe Street Underpass, for a total cash flow of \$1,200,000 in 2010, with funding provided by reallocations from within the 2010 Approved Capital Budget, as outlined in the attached Table 1, Project A.

3. City Council authorize the increase in project costs and corresponding cash flow in 2010, in the amount of \$8,000,000 and a cash flow of \$5,000,000 in 2011 as detailed in Table 1, Project E, attached, resulting in an increase of \$13,000,000 gross, zero net of the 2010 Approved Budget for Transportation Services; and
4. the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

## **Financial Impact**

Funding in the total amount of \$1,800,000 with cash flows in the same amount in 2010 will be reallocated between various projects for a number of reasons, as outlined in the body of this report, with a zero net impact corporately (Table 1, Project “A”, Project “B”, Project “C” and Project “D”). The approval of this report will also authorize an increase of \$13,000,000 in the Program’s 2010 Approved Capital Budget for TTC work that will be carried out in 2010 (\$8,000,000) and in 2011 (\$5,000,000), with a zero impact on the Program’s debt funding (Table 1, Project “E”). Funding in the amount of \$5,000,000 was approved as part of the TTC’s 2010 Capital Budget and 2011-2019 Capital Plan. The remainder of \$8,000,000 will be reallocated within the existing 2010 approved funding levels and reported to Council with the next Capital Variance Report. Transportation Services staff, in advance of the upcoming 2011 budget process and consistent with the Divisional submission, has reassessed all ongoing and imminent project cash flows and all available funding sources in order that the realigned project costs will have no net impact on the approved ten year debt targets for Transportation Services.

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

## **DECISION HISTORY**

In early 2007, a set of guidelines was adopted by City Council that outlines a process emphasising upfront priority-setting, service reviews and a public consultation methodology. This is intended to guide the budget process focussing on a multi-year financial outlook that aligns services with the Mayor’s mandate and Council’s policy agenda ensuring, among other things, the efficient use of resources to deliver service results and outcomes. In this regard, the Transportation Services Division submitted a report entitled “Plan to Improve the Development and Implementation of a Co-ordinated Multi-Year Joint Transportation Services and Toronto Water Capital Program” to the Public Works and Infrastructure Committee, at its June 27, 2007 meeting (PW 7.6). City Council adopted the report without amendment at its meeting held on July 16, 17, 18 & 19, 2007 and, in doing so, approved a cross divisional coordinated infrastructure capital works policy. Background material can be found at:

[http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/2007-bu2-5\\_312.pdf](http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/2007-bu2-5_312.pdf)

## COMMENTS

There is an opportunity that allows for the advancement of various contemplated 2010 programs this year. For the Transportation Services Division, this means that a re-allocation of approved cash flows will be required to facilitate the timely delivery of projects that are essentially ready to proceed. In this regard, the Division is seeking approval for the reallocation of approved 2010 funds as shown in Table 1, attached and, as detail below:

- Unforeseen water rehabilitation work required to be completed as part of the Simcoe Tunnel project have given rise to claims to the City by its constructor. These claims need to be paid in 2010;
- Replacement of an old pavement marking machine with a new environmentally sensitive machine (water based); and
- The TTC will be advancing three states of good repair track replacement projects on Roncesvalles Avenue, Parliament Street and on King Street. These works have been coordinated internally between the Transportation Services division and the Toronto Water division. The track replacement is paid for by the TTC and will be fully recoverable from the TTC's capital budget.

Later this fall, the Transportation Services Division will be submitting a revised ten year capital plan that will account for the re-programming of timelines to implement various needed works. There will be no net change to the overall approved net debt targets for 2010 and each of the remaining years.

## CONTACT

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JC/sr

## ATTACHMENTS

Table 1: 2010 Capital Budget and Plan In-Year Adjustment Request For the Period Ended June 30, 2011 (\$ Million)