

**Capital Variance Report for the Year Ended December 31, 2011**

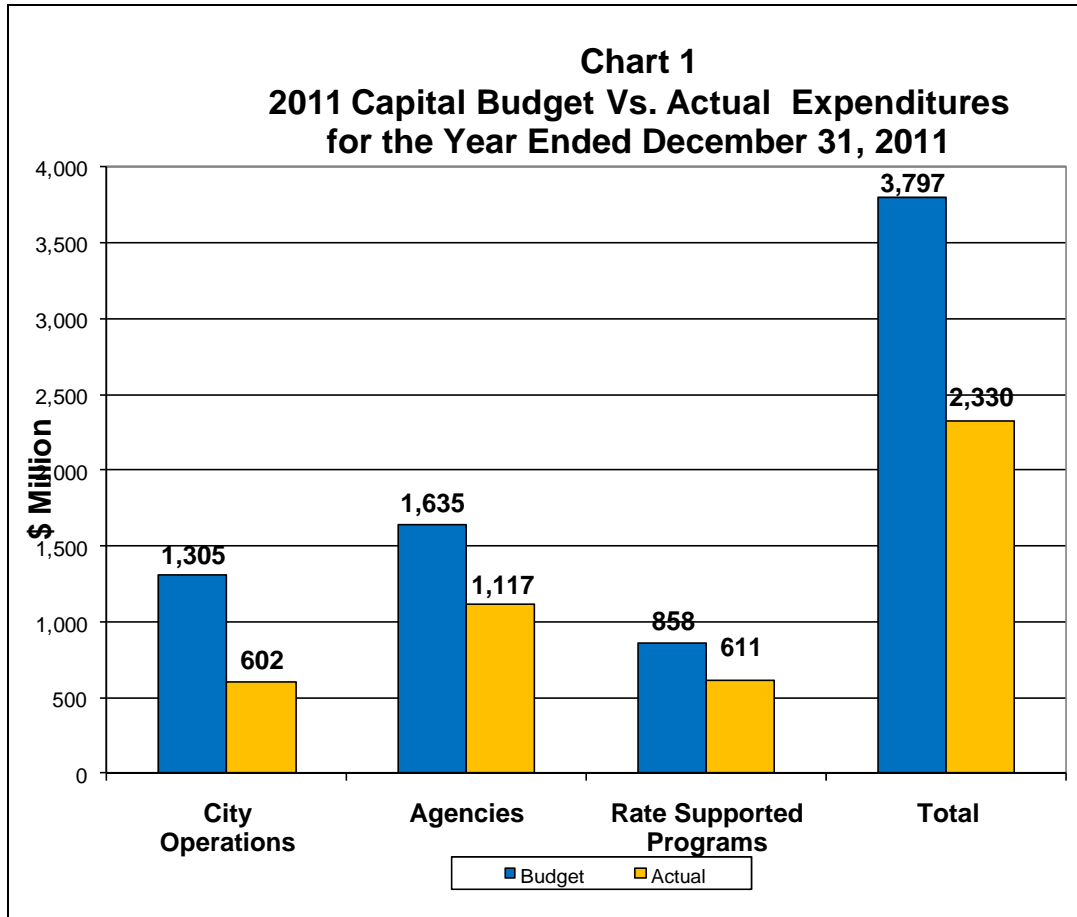
<b>Date:</b>	April 27, 2012
<b>To:</b>	Budget Committee Executive Committee
<b>From:</b>	Deputy City Manager and Chief Financial Officer
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2012\Internal Services\Fp\Bc12013Fp (AFS #13133)

**SUMMARY**

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The purpose of this report is to provide the 2011 Capital Variance for the year-ended December 31, 2011 and to seek Council's approval for 2011 in-year budget adjustments and 2011 and prior year carry forward funding with no incremental impact on debt.

Capital expenditures for the twelve months ended December 31, 2011 totalled \$2.330 billion or 61.3% of the 2011 Approved Capital Budget of \$3.797 billion (see Chart 1). This spending pattern is consistent with prior years. As detailed by City Program and Agency in Appendix 1, it is noted that 16 of 36 City Programs and Agencies spent in excess of 60% of their respective 2011 Approved Capital Budget.



## RECOMMENDATIONS

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The Deputy City Manager and Chief Financial Officer recommends that:

1. Council approve additional carry forward funding of \$19.893 million for unspent 2011 capital and carry forward funding of \$0.285 million for unspent 2010 and prior year capital projects as detailed in Appendix 2 in order to continue work on capital projects, and that the 2012 Approved Capital Budget be adjusted accordingly with no incremental impact on debt.
2. Council approve in-year budget adjustment of \$1.556 million for Toronto Public Library to advance third party donations raised by the Toronto Library Foundation for the Toronto Reference Library capital project to 2011 from 2012 due to the acceleration of Phase II renovations in 2011 as detailed in Appendix 3; and that the 2012 Approved Capital Budget for Toronto Reference Library project be adjusted accordingly to offset the 2011 increase in funding.
3. Council receive for information Appendix 3 which lists capital projects that have been completed.

4. Council authorize and direct the appropriate City Officials to take the necessary action to give effect thereto.

## **FINANCIAL IMPACT**

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Capital expenditures for the twelve months ended December 31, 2011 totalled \$2.330 billion or 61.4% of the 2011 Approved Capital Budget of \$3.797 billion. This resulted in under-spending of \$1.467 billion, most of which is carried forward to 2012 in order to complete capital projects. In compliance with the City's Carry Forward policy, the carry forward of unspent 2011 funding will have no incremental impact on approved debt.

## **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 programs are progressing, and on an exceptions basis, to identify issues that require direction and/or decisions from Council.

## **COMMENTS**

At its meeting of February 23, 2011, Council approved the 2011 Tax Supported Capital Budget of \$2.016 billion; and 2011 Rate-Supported Capital Budget of \$692.534 million for a total Tax and Rate-Supported 2011 Capital Budget of \$2.709 billion. Including additional 2010 carry forward funding, the 2011 Adjusted Capital Budget is \$3.797 billion. Table 1 indicates that 61.3% of the 2011 Capital Budget was spent. The under-spending was primarily attributed to Parks, Forestry & Recreation, Transportation Services, Waterfront Revitalization Program, Facilities Management & Real Estate, Union Station and Toronto Transit Commission. These Programs and Agencies accounted for \$998.111 million or 68% of total under-spending for 2011.

As detailed in Appendix 5 the under-spending was primarily attributed to the inability to find and secure suitable sites in accordance with initially planned timeframes; delays in securing funds from cost-sharing partners; uncontrollable delays in finalizing Requests for Proposal; unanticipated delays in construction start-up; and resources constraints. In addition, several projects were completed under-budget. Unspent funds for incomplete projects will be carried forward to 2012 on an as needed basis, in accordance with the City's Carry Forward Policy.

<b>Table 1</b>			
<b>Corporate Capital Variance Summary</b>			
<b>for the Year Ended December 31, 2011</b>			
<b>(\$000s)</b>			
	<b>2011 Approved Budget</b>	<b>Actual Expenditures - January 1 to December 31, 2011</b>	
		<b>\$000s</b>	<b>%</b>
<b>Tax Supported Programs:</b>			
Citizen Centred Services - "A"	277,098	115,904	41.8
Citizen Centred Services - "B"	459,712	239,625	52.1
Internal Services	251,413	134,674	53.6
Other City Programs	316,440	111,763	35.3
Agencies	1,635,124	1,116,576	68.3
<b>Total - Tax Supported</b>	<b>2,939,786</b>	<b>1,718,542</b>	<b>58.5</b>
<b>Rate Supported Programs:</b>			
Toronto Parking Authority	39,760	10,020	25.2
Solid Waste Management	149,467	64,881	43.4
Toronto Water	668,365	536,198	80.2
<b>Total Rate Supported</b>	<b>857,592</b>	<b>611,100</b>	<b>71.3</b>
<b>Total</b>	<b>3,797,379</b>	<b>2,329,642</b>	<b>61.3</b>

Notwithstanding the above spending rate, some significant projects were completed in 2011, and a number of projects were completed under-budget. Examples of significant accomplishments are as follows:

*Children Services* completed building construction of Chester Le Centre and Thorncliffe Centre with playground construction underway. MCCS SOGR 2011 project completed upgrades to the City's operated childcare centres.

*Emergency Medical Service (EMS)* completed 6 capital projects; station refurbishments of Station 11 (Caledonia Rd) and Station 01 (Toryork Rd); Central Ambulance Communication Centre (CACC) Redesign; Mobile Data Communications equipment; Defibrillator Upgrades; and Second Radio purchases with savings of \$0.092 million.

*Park, Forestry & Recreation (PF&R)* completed the *Stephen Leacock Phase 3*, providing two additional rooms, a running track and office space, *Scarborough Village Community Centre* creating multipurpose rooms, kitchenette, office and washrooms; completed the *Warden Hilltop Community Centers*, waterplay and playground ; built 16 new playgrounds at a value of \$4.900 million; the *East Scarborough Boys & Girls Club* project is completed at a value of \$3.500 million and the *Dovercourt Boys & Girls Club* renovation project is completed at a value of \$1.600 million.

*Transportation Services* spent \$206.755 million in 2011. Major projects completed in 2011 include the emergency slope stabilization on the Don Valley Parkway at Beechwood; the reconstruction of Roncesvalles Avenue; streetcar trackwork on Dundas Street West; Bloor/Islington Bridge rehabilitation; emergency work on Jackes Avenue Bridge; Jameson Bridge rehabilitation; slope stabilization at South Bound DVP Beechwood to Pottery Road and slope stabilization with retaining wall at Christie Street East. During 2011, \$5.014 million of capital work under the Infrastructure Stimulus Fund

program was spent and all projects were completed on time. In 2011 Program spent \$96.431 million on various state of good repair projects that include Major and Local Road Reconstruction and Resurfacing; and \$28.063 million on Bridge Rehabilitation.

**Information & Technology** established Electronic Service Delivery (ESD) program with an enterprise approach to advance eService capabilities at the City; implemented Toronto Water's Automated Meter Reading project including wireless infrastructure to support ward by ward replacement of aged water meters; rolled out Enterprise eLearning initiative and an interim solution for Toronto Fire; completed 65 risk assessments (privacy, threat and vulnerability analysis), over 40 security and privacy consulting engagements for City programs and 95 policy/exception requests; completed several business architectures in support of key enterprise and program initiatives; and completed the roll out of 3,473 computers, 489 mobile units and 510 printers/multifunction devices.

During 2011 **City Clerk's** office completed the Archives Strategic Plan; and launched attendance and voting information in Toronto Meeting Management Information System (TMMIS). The project won a CAMA Willis Award for Innovation, AMCTO E.A., Danby Award for Excellence in Municipal Administration and MISA Award for Service to Citizens.

**Toronto Police Service (TPS)** completed, on budget, the In-Car Camera project which will increase officer and community safety and the new 11 Division became occupational in September 2011.

In 2011 **Toronto Public Health** completed *The Dental Strategy and Implementation System* project. This project was modified to address the change in provincial requirements due to the implementation of the Low Income Dental Program which includes an enhanced dental reporting system. The project will support the successful rollout of the provincial system.

**Toronto Public Library (TPL)** successfully managed a few branch renovation projects including ISF funded projects at Fairview Library, the North York Library, the Northern District Library and the Richview Library all completed as of September 2011.

### **Additional Carry Forward Funding**

The City's Carry Forward Policy permits City Programs and Agencies to adjust their prior year carry forward requirements based on updated year-end information. Appendix 2 details additional 2011 and 2010 and prior years carry forward funding adjustments for City Programs and Agencies' capital projects.

Additional one-year carry forward funding into 2012 totalling \$19.893 million is required by TTC and Exhibition Place to continue work on 2011 approved capital projects that were not completed.

Additional 2010 and prior years' carry forward funding of \$0.285 million with no incremental increase on debt, is required by Financial Services and Park, Forestry & Recreation. 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

any debt funding must be reconfirmed. To ensure that the approved debt limits for 2012 are not exceeded, other approved capital project was appropriately adjusted.

It is noted that reductions included in Appendix 2 are to correct overstated carry forward funding estimates already included in the 2012 Council Approved Capital Budget.

### **2011 In-Year Capital Budget Adjustments**

In-year budget adjustment to the 2011 - 2020 Approved Capital Budget and Plan require approval by Council.

As detailed in Appendix 3, an in-year budget adjustment for Toronto Public Library, resulting in the acceleration of \$1.556 million of 2012 approved funding into 2011 is recommended. During 2011, the Toronto Public Library (TPL) had an opportunity to achieve substantial completion of the Toronto Reference Library's Phase II renovations. As a result, TPL accelerated capital work from 2012 to 2011 using third party donations raised by the Toronto Library Foundation. This adjustment is to reflect this accelerated construction work and has no impact on the Council-approved debt levels or the overall budget for this project. Cash flow funding for 2012 is also being reduced accordingly.

### **Closed Capital Projects**

The City's Financial Control By-Law stipulates that Chief Financial Officer must "submit a report to Council on an annual basis detailing all capital projects closed during the year". Appendix 3 details completed projects for various City Programs and Agencies. Uncommitted funds from under-spent completed projects will be utilized to fund overspent completed projects with no incremental impact on debt, after which any remaining unspent funds will be returned to the original funding source.

## **CONTACT**

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## **SIGNATURE**

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Cam Weldon  
Deputy City Manager and Chief Financial Officer

## **ATTACHMENTS**

- Appendix 1 - 2011 Consolidated Capital Variance Report for the Year Ended  
December 31, 2011
- Appendix 2 - 2011 and 2010 and Prior Years Carry Forwards Funding Adjustments
- Appendix 3 - In-year Budget Adjustment
- Appendix 4 - Closed Capital Projects
- Appendix 5 - Capital Variance Explanation - Programs/Agencies