



**STAFF REPORT
ACTION REQUIRED**

**Approval of Cash Flow Commitments for 2015 Approved
Capital Plan State-of-Good-Repair Projects for
Transportation Services**

Date:	August 5, 2014
To:	Budget Committee
From:	General Manager, Transportation Services
Wards:	All
Reference Number:	P:\2014\Cluster B\TEC\EX14057

SUMMARY

The purpose of this report is to request Council’s authority to commit 2015 expenditures for state-of-good-repair capital projects in advance of Council’s approval of Transportation Services’ 2015 Capital Budget and 2016-2024 Capital Plan, in order to advance the start of construction projects and achieve higher rates of capital delivery; and help realize more competitive off-season bids.

Specifically, approval is being sought for increases in 2015 cash flow commitments totalling \$31.678 million for Transportation Services projects. This request will not increase or decrease the 2014 – 2023 Approved Capital Budget and Plan for Transportation Services in any year over the 10 year period.

RECOMMENDATIONS

The General Manager, Transportation Services, in consultation with the Deputy City Manager and Chief Financial Officer, recommends that:

1. City Council increase 2015 cash flow commitments for projects/subprojects totalling \$31.678 million, comprising of cash flow commitments for Transportation Services projects with an offsetting decrease in the same projects/subprojects in the 2015 Capital Plan, as detailed in Appendix 1.

Financial Impact

This report requests Council approval to increase 2015 cash flow commitments (increase the Capital Budget) for Transportation Services projects/subprojects totalling \$31.678 million, offset by equal reductions in the same 2015 projects/subprojects currently approved as part of the Capital Plan.

These changes, detailed further in Appendix 1, will result in a conversion from Capital Plan to cash flow commitments for Transportation Services projects.

The recommendations contained in this report will not increase or decrease the 2014 – 2023 Approved Capital Budget and Plan for any City Program.

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

DECISION HISTORY

At its meeting of January 29 and 30, 2014, City Council adopted the:

- 2014 Recommended Capital Budget for Transportation Services with a total project cost of \$276.872 million, and 2014 cash flow of \$382.748 million and future year commitments of \$204.018 million, including new debt service costs of \$2.438 million in 2014 and incremental debt costs of \$15.073 million in 2015, \$4.461 million in 2016, \$0.123 million in 2020, \$0.845 million in 2021, \$0.871 million in 2022 and \$0.919 million in 2023.
- 2015-2023 Recommended Capital Plan for Transportation Services totaling \$2.572 billion in project estimates, composed of \$214.434 million in 2015; \$294.754 million in 2016; \$307.694 million in 2017; \$293.064 million in 2018; \$276.343 million in 2019; \$291.591 million in 2020; \$292.799 million in 2021; \$293.883 million in 2022; and \$307.545 million in 2023.

The Council decision can be found at:

<https://toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX37.1>

ISSUE BACKGROUND

The *City of Toronto Act*, at sub-section 212 (1), states that, “the City shall adopt and maintain policies with respect to...the financing of capital works, including the limits on the annual costs associated with the financing.”

According to the Toronto Municipal Code, at sub-section 71-2, Council has the sole authority for approving funding to operating programs and capital projects.

COMMENTS

Approval of 2015 cash flows commitments is being sought in advance of the Council recess prior to the forthcoming 2014 Municipal Election for the purpose of allowing

Engineering and Construction Service's staff to continue to award commitments on construction contract awards for state-of-good-repair projects that will be spent in the year 2015 and are currently contained in Transportation Services' Approved 2014 Capital Budget and 2015-2023 Capital Plans, cash flowed in the 2015 Capital Plan.

2015 cash flow commitments are being sought to:

- Advance the start of construction projects and thereby making full use of the construction season, and thereby achieve higher rates of capital delivery;
- Help realize more competitive construction pricing through off-season tender issuance, and earlier contract awards;
- Remove/mitigate health and safety risks that may result from not proceeding with specific capital works;
- Optimize delivery of capital projects prior to the work stoppage that will be imposed during the 2015 Pan American and Parapan American Games.

To accommodate the above, staff have analyzed planned expenditures and anticipated contract awards, and have forecasted capital spending, by program area, during the first quarter of 2015. Based on this assessment, and to provide sufficient funds to cover circumstances that may arise and over which the City has little or no control (e.g., changes in regulatory requirements, insignificant emergency repairs), cash flow commitments of 2015 cash flows, as detailed in Appendix 1 are recommended.

This report does not recommend any increased funding to *existing projects* or funding for *new project* spending.

This report has been prepared in consultation with the Financial Planning Division, Transportation Services, and Purchasing and Materials Management Division.

CONTACT

John Mende, P.Eng.
Director
Transportation Infrastructure Management
Transportation Services Division
Phone: 416-392-5348
Email: jmende@toronto.ca

SIGNATURE

Stephen Buckley
General Manager
Transportation Services

ATTACHMENT

Appendix 1

Transportation Services Recommended 2015 Cash Flow Commitments

Transportation Services State of Good Repair Projects (\$000s)	2014 - 2023 Approved Capital Budget & Plan		Recommended Increases to 2015 Cash Flow Commitments
	2015 Cash Flow	Approved 2015 Cash Flow Commitments	
Don Valley Parkway Rehabilitation	2,319		928
Major Road Rehabilitation	72,033	14,969	13,844
Local Road Reconstruction	21,377	7,547	1,004
Local Road Resurfacing	28,857	3,075	8,468
Sidewalks	15,304	1,518	4,604
Laneways	2,320	305	623
Retaining Wall Rehabilitation	1,218		487
Neighbourhood Improvements	2,000		800
Traffic Plant Restoration	800		320
Facility Improvements	1,500		600
TOTAL:	147,728	27,414	31,678