

STAFF REPORT ACTION REQUIRED

Re:EX7.34

2014 Capital Budget Technical Adjustments

Date:	May 27, 2015
То:	TTC Board
From:	Chief Executive Officer

Summary

This report seeks approval for the technical adjustments to the 2014 Capital Budget and funding sources to allow for optimum utilization of the funding available for use in future years of the approved capital plan.

Recommendations

It is recommended that the Board:

- 1. approve the technical budget adjustments as outlined in Appendix A to reflect the deferral of \$27.561 million in the approved 2014 TTC Capital to future year cash flow commitments (including related funding impacts) with zero impact to project approval and debt;
- 2. approve 2014 funding source modifications outlined in Appendix A as follows: an increase of \$0.265 million in Provincial Gas Tax Funding (PGT) Reserve Funds XR3018; an increase of \$4.068 in 2014 Metrolinx-Move Ontario Reserve Funds XR3025; a reduction in the Federal Gas Tax (FGT) by \$2.166 million; the deferral of Provincial Canadian Strategic Infrastructure Fund (CSIF) Reserve Funds XR3020 of \$15.330 million and TTC Depreciation of \$16.158 million to future years;
- 3. approve an amendment to the Transit Priority Project (Program 9.2) by adding back the 2014 cash flow and project approval of \$1.760 million to be fully funded by Development Charges Reserve Funds (XR2024 and XR2110) as shown in Appendix A attached; and,
- 4. forward this report to the City of Toronto for Council approval.

Financial Summary

Funding for the TTC's Capital Budget is sourced from various funding programs and debt is channelled through the City of Toronto in accordance with the funding included in the TTC 2014-2023 Capital Budget as approved by City of Toronto Council on January 29-30, 2014. The budget and funding adjustments requested in this report addresses the changes to the 2014 approved funding to support the funding requirements that have been incorporated into the TTC's approved 2015-2024 Capital Budget. The purpose of the requested adjustments is to align the 2014 Capital Budget to the actual expenditures in 2014.

The Chief Financial & Administration Officer has reviewed this report and agrees with the financial impact information.

Decision History

On August 25, 2011, the City of Toronto introduced a new by-law which amended the City of Toronto Municipal Code Chapter 279, Toronto Transit Commission that carried certain requirements for addressing budget changes at the capital project level. Furthermore, the detailed application of funding to each project as requested by City staff have created additional requirements to maintain the integrity of project budget and funding. TTC staff has monitored changes in project cash flows and deliverables as well as changes to funding programs and other revenue sources which requires technical amendments to project cash flows, commitments and funding sources to ensure compliance with budget constraints and City By-law requirements for capital projects.

Issue Background

This report seeks approval for the appropriate changes to budget and funding sources in 2014 to allow for the optimum utilization of the funding available for use in future years of the approved capital plan. A further impact to be considered is that updates to the 2014 budget were not approved by the City as part of the 2015–2024 Capital Budget which was approved by Council on March10-11, 2015. Each year the TTC reassesses its capital needs and incorporates their updated requirements into a refreshed capital plan. In the preparation of the TTC's 2015-2024 Capital Budget submission, staff incorporated project adjustments into the future years, however subsequent refinements to projected expenditures in 2014 require approval, and this report seeks that approval. The technical adjustments to the 2014 approved budget are summarized in Appendix A.

There is a need to address project variances not only to minimize the incremental carry forward into the 2015 Capital Budget but to also maximize the funding sources available to the approved capital plan. With the 2014 Carry Forward approved by Council on March 10-11, 2015 and in conjunction with the year-end variance report approved by Council on May 6, 2015, the distribution of the majority of 2014 under spending to future year cash flows have already been addressed. This report recommends a further redistribution of

unspent funds in the noted projects identified in Appendix A totalling \$27.561 million in the form of deferrals.

In order to maximize the use of available funding sources and in consideration of funding program constraints and eligible cost limitations (including but not limited to Federal Gas Tax, CSIF and Development Charges), flexibility in the allocation of City reserve funding is consistent with the principal benefits of the Provincial and Federal Gas Tax funding allocation programs. This will ensure that TTC is able to fully utilize these funding sources in the coming years as well as justify the pursuit of further government funding for transit capital.

Approval of the funding adjustments outlined in Appendix A is required to ensure that application of the funding sources apportioned by project can be fully applied at year end. This will help ensure that the Provincial Gas Tax, Federal Gas Tax and Metrolix -Move Ontario 2020 reserve balances are appropriately utilized based on the 2014 year to date balances (including accrued interest).

In addition, included in Appendix A is an increase of \$1.760 million to the 2014 cash flow and project approval for the Transit Priority project. As agreed with City Finance staff, this will re-establish funding in 2014 that was previously reduced from the TTC capital budget during the 2014 budget process. This will reallocate the 2014 Development Charges Funding of \$1.760 million from the City Transportation Program to the TTC's 2014 Capital Budget which will allow TTC to continue work on this project on an annual basis. The 2015 – 2024 Capital Budget approved by Council on March 10-11, 2015 already includes the future component of this project (Program 9.2 – WO 6391 Transit Priorities).

Comments

The approval of the requested project and funding adjustments will allow TTC to optimize the utilization of available funding from various funding sources in 2014 while also adhering to the City's financial requirements. This will also align the reporting and budgeting of 2014 with the 10-year capital budget and funding sources as submitted and approved by the City Council in March 2015.

Contact

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Attachment

Appendix A – 2014 Capital Budget Technical Adjustment

Appendix A

Toronto Transit Commission 2014 Capital Budget Technical Adjustment Accelerations / Deferrals, Funding & Other Adjustments (1000s)

							Funding Sources				
SAP	Project Description	2014 Approved Budget	4		Federal Subsidy		Provincial Subsidy	٨	Asset	Reserve	
		•	igan	FGT	CSIF	PGT	CSIF	Metrolinx-Move	Monetization	Funds/DC	Depreciation
A) 2014	Al 2014 in Year Budget Re-allocation										
CTT110	Other Buildings & Structures Projects	3,611	3,611	and the second s	TOTAL PROPERTY AND ADDRESS OF THE PARTY AND AD						
CTT015	Yards and Roads	536	536			THE RESERVE THE PROPERTY OF THE PERSON NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TWO IS NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TWO IS NAMED IN COLUMN TWO IS	and a Made and a spirit of the same of the	-			
CTT006	Communications - Transit Back up Control Centre	(3,611)	(3,611)				PARTY CONTRACTOR OF THE PARTY				
CTT141	Fare System		(536)	No. of Contrast of				The second secon		AND THE PERSON NAMED OF TH	
	Sub-Total 2014 In Year Budget Re-allocation					,					*
B) 2014	B) 2014 Accelerations / Deferrals *										
CTT015	Yards and Roads	995 266	292 386	***************************************		***************************************					-
CTT018	On-Grade Paving Rehabilitation Program	1 420 426	1 420 426								
CTT024	Fire Ventilation Upgrade	789.349	789 349								
CTT028	Easier Access	967,009	967.009							-	
СТТОЗВ	Birchmount Garage Renovation	17.268	17.268		-				***************************************	-	***************************************
CTT049	SRT Car Overhaul Program	36,653	36,653							-	
CTT050	Streetcar Overhaul Program	644,493	644,493								
CTT116	Queensway Bus Garage Renovations	722,77	77.227		- Commission of the Commission						
CTT124	Commuter Parking Expansion	5,710	5.710			-	A STATE OF THE PERSON NAMED IN COLUMN 2 IS NOT THE PERSON NAMED IN				
CTT131	Islington Station Improvements	9,367	9,367			Total Periodical Control of the Cont	-				
CTT132	Warden Station Improvements	149	149				The state of the s	Property of the Party of the Pa		Commission and the second seco	
CTT145	Leslie Barns Maintenance & Storage Facility	23,857,189	23,857,189							PROPERTY OF STREET, ST	- Commission of the Commission
CTT148	McNicoli Bus Garage Facility	1,136,357	1,136,357							THE CONTROL OF THE PROPERTY OF	
CTT062	Furniture & Office Equipment	114,532	(78,000)								192.532
	Sub-Total - Accelerations / increases	29,368,095	29,175,563								192,532
CTT001	Subway Track	(601,046)	(601,046)							-	
CTT003	Traction Power	(3,113,048)	(3,113,048)								
00110	Communications	(4,000,000)	(4,000,000)							***************************************	
CTT020	Bridges & Tunnels	(2,000,000)	(2,000,000)								
CTT045	Replacement Wheel-Trans Vehicles	(1,208,174)	(1,208,174)								
CTT051	Subway Car Overhaul Program	(2,970,191)	(2,970,191)	A A A A A A A A A A A A A A A A A A A	-						
2000	Environmental Programs	(3,000,000)	(3,000,000)								
CTT064	Transit Shelters & Loops	(800,000)	(800,000)	The state of the s							
271117	Furchase of Streetcars	(8,965,670)	(8,965,670)	-							
CTT144	Wilson Complex - Modification for Toronto Bogles	(2,317,434)	(2,317,434)								
CTT113	Other Maintenance Equipment	(000,002)	(200,000)								TOTAL PROPERTY STATEMENT AND ADDRESS OF THE PARTY OF THE
	Cub Total Defende	(192,932)	1000							-	(192,532
2000	Sacration - Denoting - Decreases	(29,306,035)	(29,175,563)	•	,	•	•	•			(192,532)
C) 2014	Cl 2014 Deferrals and Related Funding Sources **										
CTT001	Subway Track	(9,961,755)	(9,961,755)								
CTT052	Automotive Non-Revenue Vehicles	(3,479,790)	1,535,000								(5.014.790)
CTT055	Toals & Shop Equipment	(1,867,850)	1,370,780					THE PERSON NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TRANSPORT OF THE PERSON NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TRANSPORT NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TRANSPORT NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TRANSPORT NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TRANSPORT NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TRANSPORT			(3.238,630)
CTT056	Fare Handling Equipment	(1,633,704)	1,380,000						The same of the sa		(3,013,704)
CTT061	Information Technology - Infrastructure	(10,661,933)	(7,486,749)								(3,175,184)
CTT113	Other Maintenance Equipment	(1,715,808)	and the second s								(1,715,808)
CTT002	Surface Track		3,615,648				(3,615,648)				
CTT046	Subway Car Purchases		11,714,206				(11,714,206)				
	Sub-Total 2014 Deferrals and Related Fundian Sources	10000000000	2 167 130							-	



Toronto Transit Commission 2014 Capital Budget Technical Adjustment Accelerations / Deferrals, Funding & Other Adjustments (1900s)

						ш	Funding Sources				
SAP	Project Description	2014 Approved Budget			Federal Subsidy	-F	Provincial Subsidy		Asset	Reserve	
		•	o de la companya de l	FGT	CSIF	PGT	CSIF	Metrolinx-Move Ontario 2020	Monetization	Funds/DC	Depreciation
DI 2014 BU	0). 2014 Budget Increase										
сттовз	Other Service Planning **	1,760,000								1 760 000	-
El Other Fui	El Other Funding Adjustments			-			THE RESERVE AND ADDRESS OF THE PERSON NAMED IN COLUMN 1			000,000	
CTT001	Subway Track		14,475,321			(6,284,000)			(8.191.321)		
CTT002	Surface Track		7,338,476		4,643,524	(11,982,000)					
CTT003	Traction Power		(1,920,213)			(1,348,854)			3 269 067	A POST CONTRACTOR CONT	
CTT005	Power Distribution Electric Systems		(6,110,762)			6,110,762					
CTT006	Communications		(9,746,696)			9,746,696			The same of the sa		
CTT008	Signal Systems		(5,241,543)			5,241,543			The state of the s	and the same of th	
CTT010	Finishes		6,247,506			(6,247,506)				THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER, THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER, THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER, THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER, THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER, THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER, THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER, THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER, THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER, THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER, THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER, THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER, THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER, T	
CTT012	Equipment		(3,772,534)			3,597,534			175.000	TOTAL CONTROL	***************************************
CTT015	Yards and Roads		(2,355,435)		-	661,435		CONTRACTOR DESCRIPTION OF THE PROPERTY OF THE	1 694 000	-	Parameter State St
CTT018	On-Grade Paving Rehabilitation Program		(5,920,084)			5,920,084		TOTAL PROPERTY AND STREET AND STREET,			
CTT020	Bridges & Tunnels		(5,385,162)			5,385,162		The second secon	Additional and the second seco		-
CTT028	Easier Access		10,927,908		(3,334,908)	(7,593,000)					
CTT046	Subway Car Purchases		(52,302,446)	41,896,856	(1,308,616)	-		11,714,206			-
CTT049	SRT Car Overhaul Program		(1,879,891)			1,879,891				TOTAL DESIGNATION OF THE PERSON OF THE PERSO	
CTT050	Streetcar Overhaul Program		857,655			(857,655)			-	-	
CTT051	Subway Car Overhaul Program		20,769,316			(20,769,316)				-	
CTT053	Rail Non-Revenue Vehicle Overhaul		341,469			(341,469)				Personal and the second	
CTT058	Environmental Programs		(896,168)			896,168			-		
CTT110	Other Buildings & Structures Projects		(42,511)			42,511					
СТТ111	Replace 40' Diesel Buses or Equivalent		(2,954,294)	2,954,294							***************************************
CTT112	Bus Heavy Rebuild Program - 18 Year/Mid Life		(11,052,247)	(18,123,000)		16,207,247			12.968.000		- Company of the Comp
CTT122	Purchase of Legacy LRVs		67,475,855	(13,442,855)			O TOTAL DE LA CONTRACTION DE L		(54,033,000)		CONTRACTOR
CTT142	YUS ATC Resignalling Project		26,898,000						(26,898,000)	AND DESCRIPTION OF THE PROPERTY OF THE PROPERT	And the second s
CTT145	Leslie Barns Maintenance & Storage Facility		(46,405,767)	(13,285,000)		(265,233)			59.956.000		THE RESIDENCE AND ADDRESS OF THE PERSON OF T
CTT142	YUS ATC Resignalling Project	The state of the s	12,751,604	(5,105,000)		THE REAL PROPERTY AND ADDRESS OF THE PERSON AD		(7,646,604)			
CTT145	Leslie Barns Maintenance & Storage Facility		(3,204,233)	2,939,000		265,233			-		-
CTT146	Toronto Rocket Yard & Storage Track Accommodation		(11,060,254)						11,060,254		
	Sub-Total - Other Funding Adjustments		(2,167,130)	(2,165,705)		265,233		4,067,602			
Total Adius	Total Adjustment Impact on 2014 Canital Budget	1000000		7							
1	with the second control brings.	(27,560,840)		(2,165,705)		265,233	(115,329,854)	265,233 ((15,329,854)) (4,067,602)		1,760,000	1,760,000 (16,158,116)
Note.	* 2014 Acceptation as 2014 (

Note:

2014 Acceleration - to 2014 from 2015 to 2023
2014 Deferral - from 2014 to 2016 to 2024
2014 Deferral - from 2014 to 2016 to 2024
2014 Deferral se a result of funding constraints ITTC Depreciation and CSIF)
Transfer budget and DC funding from Transportation Program to Transit Priority Project for \$1,760M