



Decision Letter

Budget Committee

Meeting No.	32	Contact	Jennifer Forkes, Committee Administrator
Meeting Date	Thursday, May 11, 2017	Phone	416-392-4666
Start Time	9:30 AM	E-mail	buc@toronto.ca
Location	Committee Room 1, City Hall	Chair	Councillor Gary Crawford

BU32.1	ACTION	Adopted		Ward:All
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Capital Variance Report for the Three-Month Period Ended March 31, 2017

Committee Decision

The Budget Committee recommends that:

1. City Council receive for information the list of 36 completed capital projects/sub-projects to be closed as detailed in Appendix 2 to the report (April 25, 2017) from the Deputy City Manager and Chief Financial Officer that results in a total combined project budget savings of \$2.451 million.
2. City Council approve in-year budget adjustments to the 2017-2026 Approved Capital Budget and Plan detailed in Appendix 3 to the report (April 25, 2017) from the Deputy City Manager and Chief Financial Officer with no incremental impact on debt funding.
3. City Council approve additional carry forward funding from 2016 detailed in Appendix 5 to the report (April 25, 2017) from the Deputy City Manager and Chief Financial Officer and that the 2017 Approved Capital Budget for respective City Programs and Agencies be adjusted accordingly with no incremental impact on debt as follows:
 - a. the 2017 Approved Capital Budget for Solid Waste Management Services be increased by \$0.100 million funded from the reserve fund (\$0.030 million) and recoverable debt (\$0.070 million) in 2016 carry forward funding;
 - b. the 2017 Approved Capital Budget for Exhibition Place be increased by \$0.083 million funded from the reserve fund in 2016 carry forward funding; and
 - c. the 2017 Approved Capital Budget for Information and Technology be reduced \$2.932 million funded from prior years Capital from Current (CFC) funding to adjust overstated previously approved 2016 carry forward funding.
4. City Council approve the capital funding adjustments included in Appendix 7 to the report (April 25, 2017) from the Deputy City Manager and Chief Financial Officer to replace \$78.749 million in past interim funding of growth-related costs, that were funded from the Water and

Wastewater Capital Reserve Funds, with funding from the Water and Sewer Development Charge Reserve Funds in order to better utilize eligible development charge funding, as included in the Development Charges Background Study approved by Council in 2013.

Origin

(April 25, 2017) Report from the Deputy City Manager and Chief Financial Officer

Summary

The purpose of this report is to provide City Council with the City of Toronto capital spending for the three month period ended March 31, 2017, as well as projected actual expenditures to December 31, 2017. Furthermore, this report seeks Council's approval for in-year budget adjustments to the 2017 Approved Capital Budget and changes to previously approved 2016 Carry Forward Funding.

The report also details the 36 completed capital projects with a combined budget of \$322.090 million that are ready to be closed. They have been completed under budget, realizing a saving of \$2.305 million. The savings which includes \$0.030 million in debt funding, \$0.940 million in reserves/reserve funds funding, \$0.086 million in development charges funding and \$1.249 million in recoverable debt funding will be returned to their original funding sources.

Table 1: Three Months and Year-End Projected Spending Rate

	2017 Approved Budget	Actual Expenditures - January to March		Projected Actual Expenditures at Year- End	
		(\$M)	%	(\$M)	%
Tax Supported	4,157.2	181.5	4.4%	3,403.3	81.9%
Rate Supported Programs:	1,131.8	104.3	9.2%	984.1	86.9%
TOTAL	5,288.9	285.9	5.4%	4,387.4	83.0%

The spending pattern for the first three months of 2017 is consistent with prior years at a low spending rate of 5.4 percent reflecting the start-up of capital activities. As detailed by City Program and Agency in Appendix 1, expenditures to year-end are expected to reach \$4.387 billion or 83.0 percent of the total 2017 Approved Capital Budget. Of these adjustments, 29 of the 33 City Programs and Agencies have year-end projected spending rate in excess of 70 percent: Tax Supported Programs project a spending rate of 81.9 percent while Rate Supported Programs project spending rate of 86.9 percent by year-end.

Figure 1 below shows that the City's capital spending at year-end is expected to reach \$4.387 billion or 83.0 percent of 2017 Council Approved Capital Budget.

Figure 1: 2012 - 2017 Capital Spending Rate

(See Figure 1 titled "2012 - 2017 Capital Spending Rate"
in the Summary section of the report dated April 25, 2017
from the Deputy City Manager and Chief Financial Officer)

Both the 2017 Approved Capital Budget (including carry forward funding) and actual spending have been trending upward at a relatively steady rate over the last 5 years. Namely, Toronto

Transit Commission increased actual spending from 71.8 percent in 2015 and is projecting spend over 89.0 percent in 2017; Facilities Management increased spending from 47.8 percent in 2015 and is projecting to spend 65.5 percent in 2017; Transportation Services increased spending from 69.5 percent in 2015 to a projected spending rate of 74.6 percent in 2017 and Park, Forestry and Recreation increased spending from 50.5 percent in 2015 to a projected spending rate of 61.7 percent in 2017.

Background Information

(April 25, 2017) Report from the Deputy City Manager and Chief Financial Officer on Capital Variance Report for the Three-Month Period Ended March 31, 2017

(<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-103697.pdf>)

Appendix 1 2017 Capital Variance Summary for the Three Months Ended March 31, 2017

(<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-103691.pdf>)

Appendix 2 Capital Projects for Closure

(<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-103692.pdf>)

Appendix 3 In-Year Adjustments for the Three Months Ended March 31, 2017

(<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-103693.pdf>)

Appendix 4 Major Capital Projects

(<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-103705.pdf>)

Appendix 5 Additional Carry Forward

(<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-103694.pdf>)

Appendix 6 Capital Dashboard for Programs/Agencies

(<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-103695.pdf>)

Appendix 7 Toronto Water Funding Revision

(<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-103696.pdf>)

(April 26, 2017) Report from the Deputy City Manager and Chief Financial Officer on Capital Variance Report for the Three-Month Period Ended March 31, 2017 - Notice of Pending Report

(<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-103370.pdf>)