

# EX35.32



## Decision Letter

### Budget Committee

<b>Meeting No.</b>	44	<b>Contact</b>	Josephine Archbold, Administrator
<b>Meeting Date</b>	Monday, May 28, 2018	<b>Phone</b>	416-392-4666
<b>Start Time</b>	9:30 AM	<b>E-mail</b>	buc@toronto.ca
<b>Location</b>	Committee Room 1, City Hall	<b>Chair</b>	Councillor Gary Crawford

BU44.2	ACTION	Adopted		Ward:All
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### Capital Variance Report for the Three Months Ended March 31, 2018

#### Committee Recommendations

The Budget Committee recommends that:

1. City Council approve in-year budget adjustments to the 2018-2027 Approved Capital Budget and Plan as detailed in Appendix 4 to the report (May 18, 2018) from the Interim Chief Financial Officer that result in no incremental impact on debt funding.
2. City Council approve additional 2017 carry forward funding for Sony Centre as detailed in Appendix 6 to the report (May 18, 2018) from the Interim Chief Financial Officer, and increase 2018 Approved Capital Budget by \$0.989 million to be funded from Development Charges (\$0.289 million) and other developer contribution (\$0.700 million).
3. City Council receive for information the list of 30 completed capital projects/sub-projects to be closed as detailed in Appendix 2 to the report (May 18, 2018) from the Interim Chief Financial Officer that results in a total combined project budget underspending of \$4.498 million.

#### Origin

(May 18, 2018) Report from the Interim 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, 2018, as well as projected actual expenditures to December 31, 2018. Furthermore, this report seeks City Council's approval for in-year budget adjustments to the 2018 Approved Capital Budget and additional carry-forward from 2017 that have no impact on approved debt.

The report also details the 30 completed capital projects that have a combined budget of \$72.114 million that are ready to be closed. They have been completed under budget, realizing underspending of \$4.498 million. The permanent underspending which has associated funding of \$0.859 million in debt, \$3.446 million in reserves/reserve funds, \$0.005 million in Provincial Grants, \$0.025 million in Development Charges and \$0.164 million in other Revenue will be returned to their original funding sources.

Table 1: Three months and Year-end Projected Spending Rate

	2018 Approved Capital Budget	Actual Expenditures - January to March		Projected Actual Expenditures at year-end	
		(\$M)	%	(\$M)	%
Tax Supported	4,652.4	441.1	9.5%	3,708.2	79.7%
Rate Supported Programs:	1,180.5	69.0	5.8%	965.8	81.8%
<b>TOTAL</b>	<b>5,832.9</b>	<b>510.1</b>	<b>8.7%</b>	<b>4,674.0</b>	<b>80.1%</b>

The spending pattern for the first three months is typically within 10 percent of the total City Council Approved Capital Budget. As detailed by City Program and Agency in Appendix 1, total expenditures for the first three months of 2018 is \$0.510 billion or 8.7 percent of the 2018 City Council Approved Budget, representing a higher spending rate than prior years, when compared to \$285.884 million or 5.4 percent in the first quarter of 2017 and \$277.337 million or 5.9 percent in the first quarter of 2016.

The projected expenditure to year-end is expected to reach \$4.674 billion or 80.1 percent of the total 2018 Approved Capital Budget. 23 of the 31 City Programs and Agencies have projected year-end spending rate in excess of 70 percent: Tax Supported Programs project a spending rate of 79.7 percent while Rate Supported Programs project a spending rate of 81.8 percent by year-end.

The projected year-end spending rates presented in this report are based on the submissions from each Program and Agency, and as such, the preparation of this report has been based on this information.

Figure 1 below compares the actual year-end spending rate from 2013 to 2018 showing the 5 year average spending rate from 2012 to 2016, the third quarter projected year-end spending for 2017 and the first quarter projected year-end spending rate for 2018.

Figure 1: 2013 - 2018 Capital Spending Rate

(See Figure 1 titled "2013 - 2018 Capital Spending Rate ",  
in the Summary section of the report dated  
May 18, 2018 from the Interim Chief Financial Officer)

The 2018 Capital Budget of \$5.833 billion represents the highest Capital Budget the City has had for its Tax and Rate Supported Programs. This level of funding reflects a City Council Approved Capital Budget of \$4.011 billion plus a combined adjustment for 2017 carry forward funding and 2018 in-year budget amendments of \$1.822 billion.

Both the Approved Capital Budget (including carry forward funding) and actual capital expenditures have been steadily trending upwards over the last 5 years: from \$2.386 billion in 2013 to spending of \$2.855 billion in 2016 and projected in the third quarter 2017 to reach \$3.681 billion by the end of 2017. While overall capital spending has increased annually, the spending rate is relative to the higher approved funding levels. The projected year-end spending rate of 80.1 percent for 2018 is higher compared to historic year-end spending rates. This is the best estimate that City Programs and Agencies can provide at this early stage in the year.

**Background Information**

(May 18, 2018) Report from the Interim Chief Financial Officer on Capital Variance Report for the Three-Month Period Ended March 31, 2018

(<http://www.toronto.ca/legdocs/mmis/2018/bu/bgrd/backgroundfile-115417.pdf>)

Appendix 1 - 2018 Capital Variance Summary for the Three Months Ended March 31, 2018

(<http://www.toronto.ca/legdocs/mmis/2018/bu/bgrd/backgroundfile-115418.pdf>)

Appendix 2 - Capital Projects for Closure

(<http://www.toronto.ca/legdocs/mmis/2018/bu/bgrd/backgroundfile-115419.pdf>)

Appendix 3 - Major Capital Projects

(<http://www.toronto.ca/legdocs/mmis/2018/bu/bgrd/backgroundfile-115420.pdf>)

Appendix 4 - In-Year Adjustments for the Three Months Ended March 31, 2018

(<http://www.toronto.ca/legdocs/mmis/2018/bu/bgrd/backgroundfile-115421.pdf>)

Appendix 5 - Capital Dashboard for Programs/Agencies

(<http://www.toronto.ca/legdocs/mmis/2018/bu/bgrd/backgroundfile-115423.pdf>)

Appendix 6 - Additional 2017 Carry Forward

(<http://www.toronto.ca/legdocs/mmis/2018/bu/bgrd/backgroundfile-115425.pdf>)

(May 8, 2018) Report from the Interim Chief Financial Officer on Capital Variance Report for the Three Months Ended March 31, 2018 - Notice of Pending Report

(<http://www.toronto.ca/legdocs/mmis/2018/bu/bgrd/backgroundfile-115251.pdf>)