

Fleet Services Division 2017 Capital Budget and 2018-2026 Capital Plan Adjustment and Accelerations / Deferrals

Date: May 30, 2018
To: Executive Committee
From: General Manager, Fleet Services
Wards: All

SUMMARY

The purpose of this report is to amend the Fleet Services Division (FSD) 2017 Council Approved Capital Budget and 2018-2027 Capital Plan. The amendments will have zero gross and net debt impact and will better align 2017 and future cash flows with FSD program requirements.

RECOMMENDATIONS

The General Manager, Fleet Services Division recommends that:

1. City Council authorize the acceleration and deferral of funds in FSD's 2017 Council Approved Capital Budget and 2018-2026 Capital Plan in the amount of \$0.242 million, as illustrated in Appendix A (attached), with zero gross and net debt impact.

FINANCIAL IMPACT

The approval of this report will authorize the acceleration and deferral of funds in the 2017 Approved Capital Budget and 2018-2026 Capital Plan for FSD in the amount of \$0.242 million as outlined in Appendix A for vehicle replacement projects. This amendment will have zero gross and net debt impact.

There are no additional costs to the City as a result of the approval of this report. The recommended adjustments will align the 2017 Council Approved Capital Budget with the Fleet Services Division Capital program requirements for 2017 and beyond.

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

DECISION HISTORY

City Council, at its meeting on February 15 & 16, 2017, approved the Fleet Services Division 2017 Capital Budget and 2018 – 2027 Capital Plan, which included 2017 Capital Budget cash flows of \$57.040 million (EX22.2 2017 Capital and Operating Budgets). The Council Decision Document can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=11852>

City Council at its meeting of April 26, 27, and 28, 2017 approved 2017 Capital Budget Adjustments for Carry Forward Funding with a net adjustment of - \$7.686 million to 2017 Capital Budget cash flow (EX24.18 2017 Capital Budget Adjustments for Carry Forward Funding). The Council Decision Document can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=11857>

City Council at its meeting of April 26, 27, and 28, 2017 approved Fleet Services 2016 Year End Capital Budget Adjustment with a zero gross budget impact to 2017 Capital Budget cash flow (EX24.21 Fleet Services 2016 Year End Capital Budget Adjustment). The Council Decision Document can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=11857>

City Council at its meeting of May 24, 25, and 26, 2017 approved 2017 Capital Budget adjustment with a net adjustment of - \$0.500 million to 2017 Capital Budget cash flow (EX25.12 Capital Variance Report for the Three-Month Period Ended March 31, 2017). The Council Decision Document can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=11859>

City Council at its meeting of October 2, 3 and 4, 2017 approved 2017 Capital Budget adjustment with a zero gross budget impact (EX27.18 Capital Variance Report for the Six Month Period Ended June 30, 2017). The Council Decision Document can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=11865>

COMMENTS

In December, 2017 FSD received six (6) community safety patrol vehicles on behalf of Toronto Community Housing Corporation (TCHC). These vehicles were initially scheduled to arrive in January 2018 from the vendor and paid through the approved 2018 replacement cash flow.

The vehicles that were replaced were on (TCHC) backlog list, beyond economical repair and beyond their useful life expectancy. Due to their extended age and high utilization, they incurred high and unpredictable operating costs in regards to maintenance and unscheduled repairs. The replacement vehicles reduced TCHC's operating costs, greenhouse gas emissions, vehicle downtime, service disruptions, and further improved TCHC's service delivery, employee and public safety.

The above accelerated delivery in 2017 has been offset by underspending in other project in 2017.

The adjustment to the 2017 cash flow will be offset by a reversal in the same amount in FSD's 2018 Approved Capital Plan for both the accelerated and deferred projects as indicated in Appendix A. As a result, there is no financial impact to the client Divisions' overall project deliverables and cash flow.

There are no additional costs to the City as a result of the approval of this report.

CONTACT

Vukadin Lalovic, P.Eng., Manager, Asset Management, Fleet Services Division,
Tel.: (416) 392-6365, E-mail: Vukadin.Lalovic@toronto.ca

Steven Ma, Manager, Finance & Accounting, Fleet Services Division,
Tel: (416) 338-1169, E-mail: Steven.Ma@toronto.ca

SIGNATURE

Lloyd Brierley
General Manager, Fleet Services

ATTACHMENTS

Appendix A - 2017 Accelerations/Deferrals