

## Capital Variance Report for the Four Months Ended April 30, 2022

**Date:** June 27, 2022

**To:** Executive Committee

**From:** Chief Financial Officer and Treasurer

**Wards:** All

### SUMMARY

The purpose of this report is to provide City Council with the City of Toronto capital spending for the four month period ended April 30, 2022, as well as projected expenditures to December 31, 2022. Furthermore, this report seeks Council's approval for in-year budget adjustments to the 2022 Approved Capital Budget and Plan.

Table 1 below summarizes the City's 2022 actual capital expenditures compared with the 2022 approved capital budget for the period ended April 30, 2022 as well as the projected expenditures by December 31, 2022.

**Table 1: Capital Variance Summary**

Table 1 Corporate Capital Variance Summary for the Period Ended April 30, 2022					
	2022 Approved Budget*	2022 4M Actual Expenditures		2022 Projected YE Expenditures	
	\$M	\$M	%	\$M	%
City Operations	2,089	243	11.6%	1,555	74.4%
Agencies	1,851	255	13.8%	1,562	84.4%
<b>Tax Supported:</b>	<b>3,940</b>	<b>497</b>	<b>12.6%</b>	<b>3,117</b>	<b>79.1%</b>
<b>Rate Supported:</b>	<b>1,555</b>	<b>171</b>	<b>11.0%</b>	<b>1,282</b>	<b>82.4%</b>
<b>TOTAL</b>	<b>5,495</b>	<b>669</b>	<b>12.2%</b>	<b>4,400</b>	<b>80.1%</b>

\*Note: Includes 2021 carry forward funding

The City's actual capital spending in the first four months is \$668.8 million or 12.2% of the approved capital budget of the year. The projected spending rate of the year is 80.1% by year-end. Both the year-to-date spending and the year-end projection reflect the capital spending impacts resulting from paused 2022 capital projects, pending confirmation of full 2022 COVID-19 support funding from the federal and provincial governments, to ensure the City maintains a balanced 2022 Operating Budget while addressing the financial impacts continuing to arise from the pandemic.

## Potential impact from the inter-governmental funding shortfall

The City continues to actively engage with Federal and Provincial counterparts at all levels to secure continued COVID-19 funding support. From March 2020 to year-end 2021, the City has benefited from nearly \$2.9 billion in COVID-19 related emergency funding commitments from the federal and provincial governments, with additional estimated \$525 million in funding support in 2022. The remaining 2022 COVID-19 related funding gap is currently estimated to be \$875 million, however the gap decreases to \$815 million if the City receives the continued full reimbursement of public health costs. In the event that continued COVID-19 funding is not forthcoming or adequate to fully address the financial impacts arising from the pandemic, the City's capital program will be materially impacted. In such case, a draw of up to \$515 million from the City's COVID-19 Backstop and a \$300 million reduction to the 2022 Capital Budget would be required to ensure the City maintains a balanced 2022 Operating Budget while addressing the financial impacts continuing to arise from the pandemic.

Delays in receiving funding commitments will continue to impact the City's ability to award and deliver capital projects in 2022. Programs and Agencies have already begun preparing for the potential reduction to their capital budgets, and at this stage have identified or committed a total of \$260 million of projects that are either paused or can be reduced as a result of 2022 underspending. Below are the main areas with the largest reductions accommodated (see appendix 6):

- TTC plans to reduce a total of \$87.0 million, and is in the process of compiling a final list of capital projects which will be directly impacted, based on the \$241.7 million in total projected 2022 underspending as detailed in Appendix 5.
- Transportation Services has identified \$87.0 million in 2022 projected underspending based on paused capital projects, mainly impacting transportation infrastructure rehabilitation projects. Projected underspending by project is detailed in Appendix 6.
- Corporate Real Estate Management has identified \$34.2 million in reductions on capital projects, mainly impacting state of good repair projects across various locations.
- Parks, Forestry & Recreation has identified \$27.7 million in reductions on capital projects, mainly impacting park site rehabilitation and state of good repair projects for various buildings and structures.

High inflation and global supply chain challenges continue to increase the cost escalation on capital project delivery. As well, a steep rise in prevailing interest rates has been increasing capital financing costs for new debt issuances. With the increasing financial pressure added to the uncertainty of the intergovernmental funding commitments, the projected spend rate continues to be impacted in 2022.

Despite the challenges mentioned, the City will continue to plan annual capital projects in line with both affordability and achievability, based on the historical actual capacity

and in consideration of emerging challenges such as inflationary impacts and supply chain disruptions. The strategy is to build on improvements experienced to date and improve the capital spend rate in future years; fully utilizing approved funding and enabling any excess funding capacity to support additional capital priorities, while promoting realistic capacity to spend in light of external factors and challenges.

## **RECOMMENDATIONS**

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The Chief Financial Officer and Treasurer recommends that:

1. City Council approve in-year budget adjustments to the 2022-2031 Approved Capital Budget and Plan as detailed in Appendix 4.

## **FINANCIAL IMPACT**

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The capital expenditures through the first four months of 2022 total \$668.8 million and year-end expenditures are anticipated to increase to \$4.400 billion or 80.1% of the total 2022 Approved Capital Budget. This spending rate includes the impacts of a total of \$260 million of projects that are either paused or can be reduced due to 2022 underspending to offset remaining 2022 COVID-19 funding shortfalls. 28 of the 39 City Programs and Agencies have projected year-end spending rate in excess of 70%.

Appendix 1 summarizes the YTD spending in the first four months of 2022; and the projected year-end spending rate by City Programs and Agencies.

Appendix 4 includes recommended in-year capital budget adjustments to the 10-Year Capital Plan, which includes \$52.0 million and \$195.5 million cash flow additions in 2022 and 2023 – 2031 respectively. The majority of the funding request is driven by Rapid Housing Initiative (RHI) for which the City and Canada Mortgage and Housing Corporation (CMHC) executed a Contribution Agreement for funding of \$201.5 million to create at least 427 new affordable homes in Toronto.

## **DECISION HISTORY**

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City Council approved the 2022 Rate-Supported Capital Budget of \$1.513 billion (meeting of December 15, 2021) and the 2022 Tax Supported Capital Budget of \$4.006 billion (meeting of February 17, 2022).

This report is provided pursuant to financial management best practices and budgetary control. As part of the City of Toronto's financial accountability framework, quarterly and year-end capital variance reports are submitted to Committees and City Council, to

provide financial monitoring information on capital results to date and projections to year-end, and on an exception basis, to identify issues that require direction and/or decisions from City Council. In addition, City Council's approval is requested for budget adjustments that amend the Approved Capital Budget and Plan between projects in accordance with the Financial Control By-Law and the City's financial management policies.

A staff report titled "2022 COVID-19 Intergovernmental Funding Update" is submitted to and approved by the City Council on May 11. The report provides an update to City Council on funding received or committed from the Federal and Provincial Governments against the budgeted amounts to support the City on the COVID-19 pandemic impact, as well as mitigating strategies in the event the budgeted funding cannot be received on time.

<https://www.toronto.ca/legdocs/mmis/2022/cc/bgrd/backgroundfile-225633.pdf>

## COMMENTS

Table 2 outlines capital spending for Tax and Rate Supported Programs for the Four Months Ended April 30, 2022 for major service areas.

**Table 2: Capital Variance Summary**

<b>Table 2 Corporate Capital Variance Summary for the Period Ended April 30, 2022</b>					
	<b>2022 Approved Budget</b>	<b>2022 4M Actual Expenditures</b>		<b>2022 Projected YE Expenditures</b>	
	<b>\$M</b>	<b>\$M</b>	<b>%</b>	<b>\$M</b>	<b>%</b>
<b>Tax Supported Programs:</b>					
Community and Social Services	874.3	111.8	12.8%	742.1	84.9%
Infrastructure and Development Services	561.8	38.7	6.9%	357.9	63.7%
Corporate Services	533.8	80.1	15.0%	352.8	66.1%
Finance and Treasury Services	99.3	6.0	6.1%	84.4	85.0%
Corporate Initiatives	5.0	0.0	1.0%	3.7	73.3%
Other City Programs	15.2	6.0	39.4%	14.5	96.0%
<b>Sub Total City Operations</b>	<b>2,089.3</b>	<b>242.7</b>	<b>11.6%</b>	<b>1,555.4</b>	<b>74.4%</b>
TTC	1,550.9	214.4	13.8%	1,309.2	84.4%
Transit Expansion (TTC)	65.0	4.4	6.8%	59.6	91.6%
Other Agencies	234.9	36.0	15.3%	193.0	82.2%
<b>Sub Total - Tax Supported</b>	<b>3,940.1</b>	<b>497.4</b>	<b>12.6%</b>	<b>3,117.2</b>	<b>79.1%</b>
<b>Rate Supported Programs:</b>					
Solid Waste Management	81.7	8.7	10.7%	60.9	74.5%
Toronto Parking Authority	54.7	1.9	3.6%	35.3	64.5%
Toronto Water	1,418.9	160.7	11.3%	1,186.1	83.6%
<b>Sub Total Rate Supported</b>	<b>1,555.3</b>	<b>171.3</b>	<b>11.0%</b>	<b>1,282.3</b>	<b>82.4%</b>
<b>Total</b>	<b>5,495.5</b>	<b>668.8</b>	<b>12.2%</b>	<b>4,399.5</b>	<b>80.1%</b>

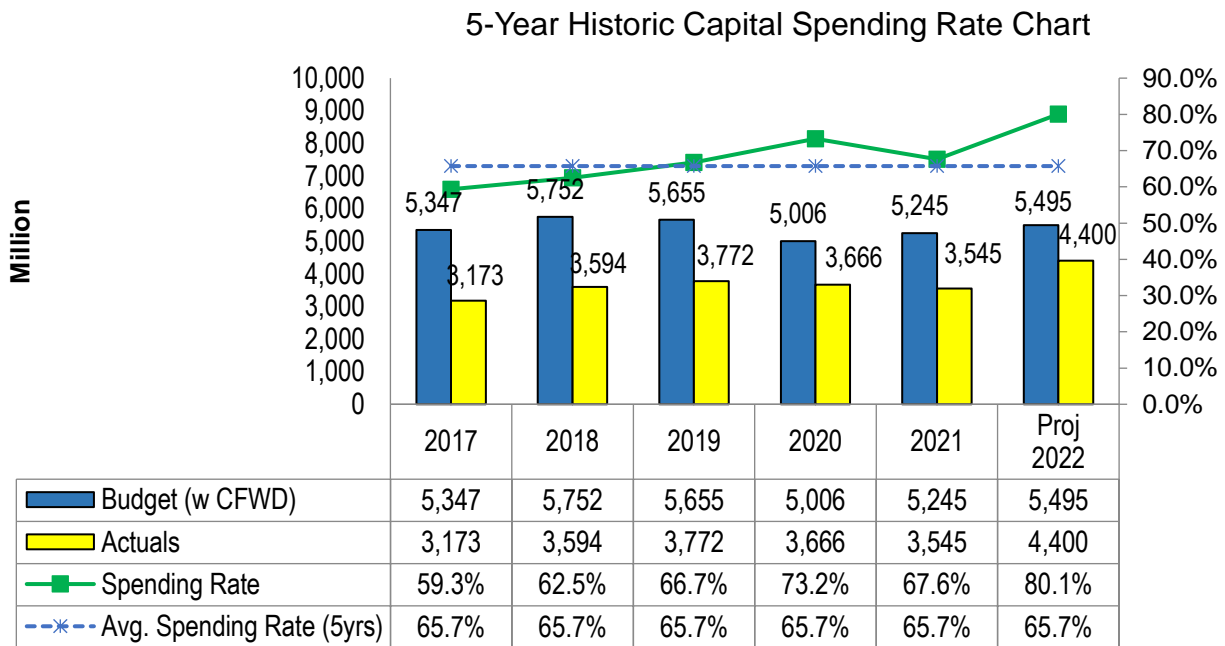
City Programs and Agencies project year-end capital expenditures of \$4.400 billion or 80.1% of the 2022 Approved budget. The projected spending rate in 2022 is primarily driven by Programs and Agencies with significant capital programs such as TTC, Toronto Water and Housing Secretariat:

- TTC (Base Programs) is expecting to spend \$1.309 billion or 84.4% of its 2022 Approved Capital Budget based on current year-end projections. The largest expenditures are expected to be on the *Other Buildings - Growth (\$167.5 million)*, *Purchase of Buses - SOGR (\$116.4 million)* and *Easier Access-Phase III (\$100.1 million)*.
- Toronto Water is projecting to spend \$1.186 billion or 83.6% of its 2022 Approved Capital Budget. The largest expenditures are expected to be on *Basement Flooding Relief project (\$187.1 million)*, *Dist Watermain replacement project (\$116.5 million)*, and *YR06 Dist Sewer Rehab (\$84.6 million)*.
- Housing Secretariat is on track with most of its major projects including some of its biggest projects: *TCHC Building Repair Capital (\$160.0 million)*, *Housing Now (\$127.0 million)*, and *Rapid Housing Initiative-RHI Site Specific (\$63.0 million)*. As a result Housing Secretariat is projected to spend \$474.7 million or 99.6% of its approved 2022 Capital Budget.

Figure 1 below compares the actual year-end spending rate in each of the years 2017 to 2021, and the projected 2022 year-end spending rate as detailed in this report. Spending rate is the actual capital spending amount as a percentage of the full year budget including in-year adjustments and carry forward funding from prior years' unspent budget.

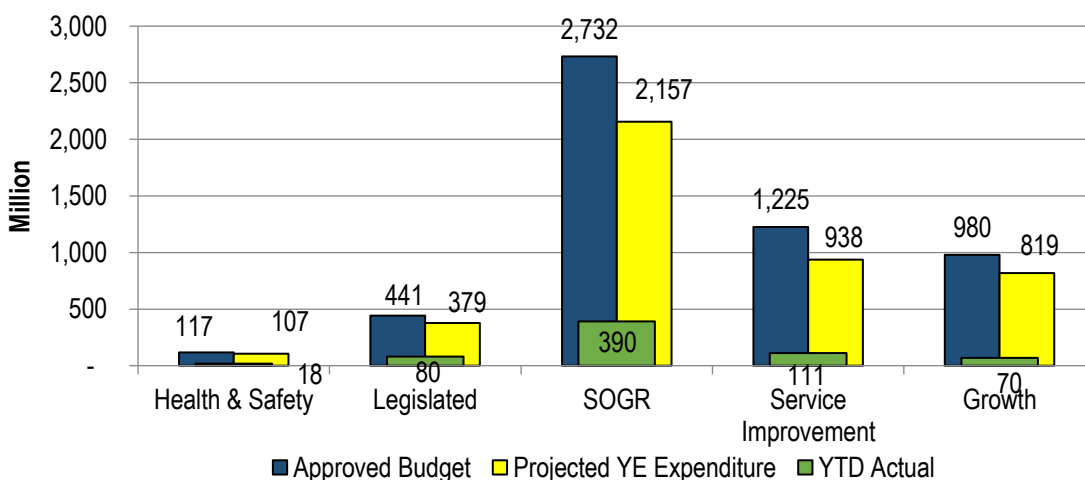
As indicated in the annual chart below, the City's annual spending rate is trending up from year 2017's 59.3% to 2021's 67.6%. A dip in capital spending was experienced in 2021 largely due to supply chain and labour challenges occurred. The issues continued to be challenges in 2022 and impact the spending capacity. Further challenges in cost escalation due to high inflation is expected to increase 2022 spend rates; however this will be partially offset by the estimated underspending associated with projects that are either paused or can be reduced to offset remaining 2022 COVID-19 funding shortfalls. As a result, the 2022 year-end spending rate is projected to be around 80% across all City programs.

**Figure 1: 2017 - 2021 Spending and 2022 Projected Capital Spending Rate (\$ Millions)**



The City's capital program encompasses 5 categories of capital work: Health & Safety projects, Legislated projects, State of Good Repair projects, Service Improvement projects, and Growth Related projects. Figure 2 in the following page compares the 2022 Total (Tax and Rate) Approved Budget, year-to-date spending and year-end projections for each project category.

**Figure 2: 2022 Approved Budget and Spending by Project Category (\$Millions)**



Health & Safety and Legislated projects have the two highest projected spending rates of 91.4% and 85.7% respectively. State of Good Repair (SOGR) projects will account for the highest projected spending at \$2.157 billion which is in line with the City's continued emphasis on SOGR investment. It is also anticipated that about 83.6% of the

Approved Capital Budget is on Growth and 76.6% in Service Improvement related projects will be spent by year-end. This lower spending rate is common for these categories of projects which tend to be more complex, include various stakeholders and have dependencies on other factors. Table 2 below outlines 2022 City's capital expenditure and spending rate by project category.

**Table 2: City Budget and Projected Spending by Project Category (\$Millions)**

Project Category - 4M 2022	Approved Budget	YTD Actual	Projected YE Expenditure	Spending Rate
Health & Safety	117	18	107	91.4%
Legislated	441	80	379	85.7%
SOGR	2,732	390	2,157	78.9%
Service Improvement	1,225	111	938	76.6%
Growth	980	70	819	83.6%
<b>Total</b>	<b>5,495</b>	<b>669</b>	<b>4,400</b>	<b>80.1%</b>

As illustrated in Figure 3 below, the City has a total of 1,315 active capital projects at the end of four months of 2022.

**Figure 3: 2022 Active Capital Projects by Category**

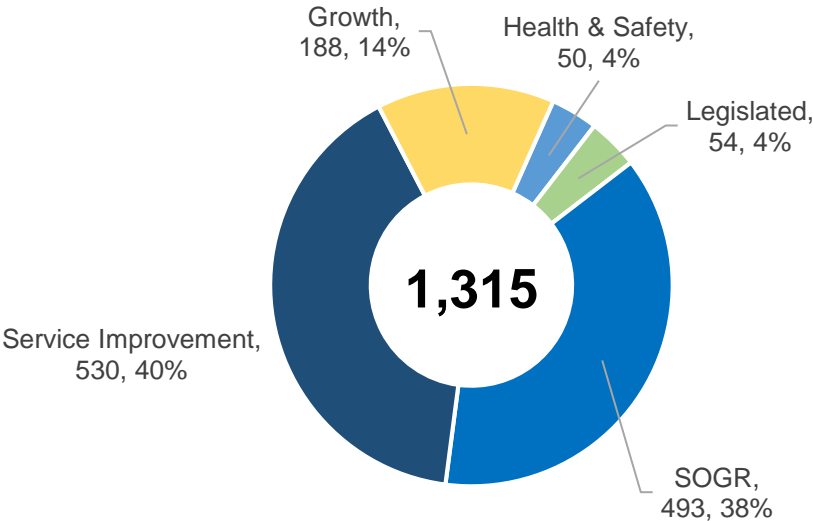


Figure 3 displays the total number of active capital projects in each category. Service Improvement projects account for the majority of active projects totalling 530 or 40.3%, with a total value of \$110.5 million. SOGR projects account for 493 or 37.5%, with a total value of \$390.1 million. The number of capital projects and how they are distributed among categories may vary according to individual Program and Agency capital planning requirements. Please refer to Table 2 above for detailed breakdown of the 2022 Capital Budget and spending by project category.

Further details on the progress of all approved capital projects for each City Program and Agency can be found in Appendix 5 of this report.

## **Closed Capital Projects in the four months of 2022**

Closing of completed capital projects in a timely manner identifies underspending and allows funding to be returned to its original source, to be reinvested in future budgets. Accounting Services staff will ensure that all expenditures for the identified capital projects/sub-projects are appropriately accounted for prior to closure.

Appendix 2 details 30 capital projects from the Tax Supported Programs that have been completed in the four months of 2022 by various City Programs and Agencies which can now be closed. Together these capital projects have a combined budget of \$88.8 million and actual expenditures of \$85.8 million, resulted of a permanent underspend of \$3.0 million.

Capital project financing may have various funding sources. Projects are normally funded based on actual expenditures in the following order: third-party funding, reserves or reserve funds, and debt. In accordance with the Financial Control By-Law, after a project is fully completed and closed, the unspent funding, if any, will be treated as follows:

- Third party funding will be returned to the source for future use consistent with funding eligibility.
- Reserve funds are drawn based on actual expenditure within the Council approved limit. Any undrawn portion will remain in the same reserve or reserve fund for future use.
- Debt is applied last and is usually only issued upon a capital project's completion, with the proceeds of the debenture applied directly to the project.

## **Recommended In-Year Budget Adjustments**

City Council approval is required for in-year budget adjustments detailed in Appendix 4. It is recommended that Council approve the following in-year adjustments, as outlined below:

### ***Economic Development and Culture (EDC)***

The recommended 2022 in-year budget adjustment for Economic Development & Culture (EDC) includes an increase of \$0.102 million in project cost and cash flow funding to its 2022 Council Approved Capital Budget, fully funded through the Public Art Reserve Fund, to complete the construction and installation of the new Pam McConnell Memorial. In May 2021, City Council approved the release of \$0.157 million in Section 37 funds for the Pam McConnell Memorial project. This Section 37 contribution fully funded the design phase of this project, which is nearing completion. A one-time draw from the Public Art Reserve Fund is recommended to fund the next phase of the project, including artwork fabrication and installation to the artist in 2022. In May 2022, representatives of the McConnell family and City staff approved of the 36 inch clay



maquette of the sculpture and the artist has moved on to the third and final design phase.

In addition, the recommended 2022 in-year budget adjustment for EDC includes an increase of \$0.150 million in project cost and cash flow funding to its 2022 Council Approved Capital Budget, fully funded through a federal grant received, to construct accessible pathways at Colborne Lodge. The project will support new, brick-paved Accessibility for Ontarians with Disabilities Act (AODA) complaint paths and ramps from the adjacent road and staircase to the historic house museum. The project will enhance physical accessibility for use of the grounds and museum so the community can access applicable programming. Federal grant provides 75% of capital costs for this important AODA improvement project. To advance the project and address the remaining funding requirements, a reallocation of \$0.052 million from the Preventative Maintenance (\$0.026 million) and Preventative Maintenance 2021 (\$0.026 million) projects to the Colborne Lodge – Exterior Landscaping AODA project is required.

Finally, the recommended 2022 in-year budget adjustment for EDC reallocates 2022 cash flow funding of \$0.175 million from the Scarborough Museum Kennedy Gallery and the Assembly Hall Mechanical projects to the Montgomery's Inn Parking Lot Market at 4709 Dundas Street West, Toronto in order to provide improved accessible outdoor space at Montgomery's Inn that will allow for increases social distancing, seating and additional Market vendor stalls. The project will regrade and repave the parking lot, install electric vehicle charge stations, light posts, new benches, bike stands, new pathways, wood fencing, and garbage system. This in-year budget adjustment will add a project cost of \$0.550 million, and associated cash flow funding in 2022 for the Montgomery's Inn Parking Lot project through the reallocation, as noted above, and the remaining funding of \$0.375 million from the Federal grant which provides 75% of project capital costs for this important community food sovereignty project.

All three in-year budget adjustments result in zero debt impact to the 2022 Council Approved Capital Budget for EDC.

### ***Seniors Services and Long-Term Care (SSLTC)***

Seniors Services and Long-Term Care (SSLTC) is requesting a net zero impact reallocation of \$3.0 million in project costs, with cash flows of \$1.0 million in 2022 and \$2.0 million in 2023, from the Carefree Redevelopment project to a new project known as a new long-term care home located at 251 Esther Shiner which is one site of Housing Now initiative, to provide the new project with seed funding to secure design, project management, required permits and any other pre-construction activities.

### ***Shelter, Support and Housing Administration (SSHA)***

As detailed in Appendix 4, City Council authority is requested to amend the 2022 - 2031 Capital budget and Plan for SSHA by transfer of project costs and cashflows for 2 projects, TCHC - SOGR (CHS051) and the Choice Based Housing Access System project (CHS041) from SSHA to Housing Secretariat's Capital Budget and Plan pursuant to the Council Approved Housing Secretariat Transformation initiative. The

transfer of these projects involve total projects costs of \$1.610 billion and cashflows of \$165.0 million in 2022 and \$160.0 million each year from 2023 to 2031.

Council approval is also requested to reallocate approved funding of \$0.5 million from HVAC Upgrades Project (CHS058) to the COVID-19 Resilience Response Infrastructure Project (CHS054). This reallocation of the projected underspending in the HVAC Upgrades project will support additional renovations and modifications required to complete the COVID-19 Resilience Project. As well, the reallocation will not impact the successful completion of the HVAC Upgrades project.

### ***Housing Secretariat***

As detailed in Appendix 4 and noted above, City Council authority is requested to amend the 2022 - 2031 Capital budget and Plan for Housing Secretariat by transferring project costs and cashflows for 2 projects, TCHC - SOGR (CHS051) and the Choice Based Housing Access System project (CHS041) from SSHA to Housing Secretariat's Capital Budget and Plan pursuant to the Council Approved Housing Secretariat Transformation initiative. The transfer of these projects involve total projects costs of \$1.610 billion and cashflows of \$165.012 million in 2022 and \$160 million each year from 2023 to 2031.

Council approval is also requested to approve funding of \$201.543 million for Phase 2 of the Rapid Housing Initiative (RHI). On January 31, 2022, the City of Toronto and Canada Mortgage and Housing Corporation (CMHC) executed a Contribution Agreement for funding in the amount of \$201.543 million for creation of at least 427 new affordable homes in Toronto.

### ***Parks, Forestry and Recreation***

As detailed in Appendix 4, City Council's authority is required to amend the 2022 Council Approved Capital Budget and 2023-2031 Capital Plan for Parks, Forestry and Recreation (PF&R) by adjusting project cash flows to reflect the project delivery schedules and program requirements. Overall these in-year adjustments reflect a total increase in project costs and associated cash flow funding of \$4.247 million in 2022, \$3.678 million in 2023 and \$6.300 million in 2024, for a total of \$14.225 million due to the addition of \$12.820 million in non-debt funding sources and transfer of \$1.405 million in debt/capital from current funding from Corporate Initiatives.

In addition, the four month in-year adjustments include a reallocation of \$0.116 million in funding sources for two projects underway to account for a developer contribution and donations; as well as the acceleration and deferral of \$3.023 million in cash flow between years 2022 and 2024. The accelerations and deferrals have zero budget impact on the total project costs and overall funding.

PF&R are requesting the following in-year adjustments:

- An addition of funding totalling \$11.7 million, funded by Development Charges, Section 37, Section 45, and Section 42 First 5% and Above 5% Cash-in-lieu Reserve Funds to supplement seven (7) existing projects:

- \$2.282 million cash flow added to 2022 for the Rosehill Reservoir (Ward 11) project that is being done in collaboration with Toronto Water;
- \$3.118 million cash flow added to 2023 for the following: \$1.061 million for Lawrence Heights Baycrest Park (Ward 8); \$0.732 million for Ethennonnhawahstihnen' CRC Public Art (Ward 17); \$0.750 million for York Beltline Trail Improvements Lost Stations (Ward 8); \$0.250 million for 174-180 Broadway Avenue Above Base Development (Ward 15); and \$0.325 million for the Play Enhancement Program -Florence Gell Playground (Ward 4); and
- \$6.300 million cash flow added to 2024 for Mouth of the Creek (Lower Garrison Creek) Park Development (Ward 10)
- Reallocation of cash flow funding sources of \$0.116 million for two (2) existing projects:
  - Replace \$0.075 million in Section 42 Above 5% Cash-in-lieu (XR2213-4200824) with a Developer Contribution in 2022, for the St. Andrew's Playground project; and
  - Replace \$0.040 million in Section 42 First 5% West District Parkland Development Cash-in-lieu Reserve Fund (XR2203) with Donations received in 2023 for the park development located at 76 Coral Gable Drive.
- Transfer of \$2.525 million from Corporate Initiatives to PF&R for the Rail Deck Park project, including \$1.405 million in debt/capital from current and \$1.120 million from Section 42 First 5% City-Wide Cash-in-lieu Reserve Fund (XR2211).
- A deferral of \$3.023 million in cash flow, funded by Development Charges, from 2022 to 2023 for the Wallace Emerson Galleria Redevelopment project with the corresponding acceleration of \$3.023 million in cash flow for the North East Scarborough Community Centre project, to align with project schedules.

### ***Fire Services***

Fire Services is request Council approval for:

1) To carry forward \$0.050 million of Fire Prevention Office Space Accommodation (3 Dohme) approved 2021 cash flow to year 2023 to meet the cash flow requirements of this project. The adjustment has a net \$0 impact with no change to the overall Council approved project cost.

2) To increase HUSAR Building Expansion total project cost by \$2.8 million, from an approved budget of \$5.1 million to a revised budget of \$7.9 million, in order to award the tender call. The project cost increase is due to unpredictable market conditions that have resulted in cost escalations as reflected in the lowest bid received. The cost increase will be funded by non-debt sources (i.e. DCs and federal grants) cash flowed in 2023.

## ***IDS Transit Expansion***

IDS Transit Expansion is requesting Council approval to adjust the Transit Expansion's capital projects as they have been completed or cancelled.

Transit Expansion has identified a need to fund the Smart Tracks Station - Flood Protection Program through discussions with the province. Transit Expansion requests reallocation from within the program for \$27.410 million to Smart Track Stations (CCI111-02).

The project costs and cash flows from Eglinton W LRT/Prelim SmartTrack Estimate (CCI111-01) \$25.801 million; and Engagement with the Province Transit (CCI114-1) \$1.609 million are available for reallocation to Smart Track Stations.

The transfer of \$27.410 million will fund the Smart Track Stations to support Flood Protection. Total Cost for Phase 1 Scope – Including detailed design, construction, land acquisition and business interruption costs, the recommended Phase One scope is estimated at approximately \$151-\$168 million when escalated to the year of construction, assuming a construction timeframe 2022-2026.

In the event the transfer is not approved by Council, Transit Expansion expects unnecessary delays due to lack of funding for the Smart Track Stations Flood Protection program

Additionally, Transit Expansion requests reallocation from within the program \$2.960 million from Transit Expansion Initiatives to Constructability Review, a new sub-project within the WaterFront Transit PDE - Focus Area 2.

## ***Transportation Services***

City Council's authority is requested to amend the 2022 -2031 Capital Budget and Plan for Transportation Services for project cost increases of \$6.671 million fully funded through reserves and development charges with no impact to debt. As detailed in Appendix 4, the increases relate to the Emery Village Improvements, and Neighbourhood Improvement projects to accommodate additional scope on the Emery Yard reconfiguration and unforeseen onsite issues for a public realm project.

## ***Corporate Real Estate Management (CREM)***

Corporate Real Estate Management (CREM) is requesting Council approval as the *Indian Residential School Survivors Legacy Project - SOGR* (CCA257-01) project requires an additional \$8M in debt funding for an award of a construction tender to the second lowest bidder (the lowest is disqualified due to non-compliance), in years 2026 to 2030 based on current work schedule. As well, due to the change of scope of work, project *100 Queen St W\_ Auto Fire Sprinkler System* (CCA247-22) only needs \$4M of the \$8.5 million approved budget, allowing the remaining \$4.5 million to be reallocated; and in order to be able to award the contract, need to transfer and commit \$3.5 million future cash flows of project "*Var Locs -Emergency Capital Repairs-2027*".

There is no impact to overall debt funding, and will revisit and re-cash flow in 2023 budget submission once the contractor is on board with updated work schedule.

### ***Fleet Services***

Fleet Services is requesting Council approval to reallocate previously approved \$0.262 million reserve funding from the Ellesmere fuel site planned to be completed in 2022 to support Finch fuel site upgrade in 2022/2023.

Reallocation of \$0.595 million of previously approved reserve funding for the *Green Fleet Plan* (CFL034) and *Fleet Garage Security* (CFL054) projects to be completed in 2022 is requested to support modernization of fleet's technology systems and advancing strategic priorities in telematics and electric vehicle conversions.

Increase of 2022 cash flow and project cost funded by Vehicle Reserve – Purchasing and Materials (XQ1204) is requested to support additional vehicles for the Purchasing & Materials Management Division (PMMD) who urgently needs better units to sustain their operations with increased demand for delivering supplies to all City client divisions.

### ***Corporate Initiatives***

Rail Deck Park's budget is being transferred to Parks, Forestry and Recreation as they have taken carriage of the project.

A technical adjustment is required to the Ontario Place Development project to correct an overage in the incremental carryforward from 2021.

### ***Toronto Police Service***

The program is requesting Council approval for an in -year budget adjustment to revise the 2022 funding source from debt to prior year CFC for State of Good Repair projects for the total amount of \$0.234 million. This recommended in-year budget adjustment will not change the total project cost and the scope of the State of Good Repair project. However, it will result in \$0.234 million debt reduction to the 2022 Council Approved Capital Budget.

### ***Toronto Public Health***

Toronto Public Health is requesting Council approval on an adjustment to increase \$2.439 million net project costs with cash flows of \$0.110 million in 2022 and \$2.329 million in 2023 and 2024, fully funded by the Province, for addition of five new sub-projects at various sites in the Ontario Senior Dental Care Program and cancellation of Mobile Supervised Consumption Vehicle project, reflecting the funding approved by the Ministry of Health.

### ***Toronto Public Health***

1. The recommended 2022 in -year budget adjustment for Toronto Public Library is to reallocate 2022 cash flow funding of \$0.744 million from the Answerline and Community

Space Rental Modernization project to the North York Central Library Phase 2 project which now includes renovation of washrooms on all floors, thus requiring additional cash flow funding in 2022. This recommended in-year budget adjustment will change the total project cost and the scope of the North York Central Library Phase 2 project, resulting in zero debt impact to the 2022 Council Approved Capital Budget. The Answerline and Community Space Rental Modernization project requires strategic planning with the City's standard CRM and will be done as part of the new service modernization project in the future.

2. The recommended in-year budget adjustment for Toronto Public Library also includes a deferral of 2022 cash flow funding of \$1.124 million, funded by development charges, for the Centennial Renovation Expansion project to 2023 due to delays in the site plan approval process. This in-year budget adjustment is offset by the acceleration of equivalent cash flow funding of \$1.124 million, funded by debt, for the Albert Campbell Renovation project to 2022. This project is progressing ahead of schedule and an acceleration of cash flow is necessary in order to align with project delivery schedules. Overall, the recommended acceleration/deferral of cash flow funding will not impact the total project costs and result in zero budget and debt impact to the Toronto Public Library's 2022-2031 Council Approved Capital Budget and Plan.

### ***Toronto Transit Commission (TTC)***

TTC's is requesting Council approval for the adjustments listed:

- a) As recommended by the TTC Board on February 10, 2022, a \$4.3 million increase in funding to reflect the updated cost required to undertake the Queen Streetcar Infrastructure work for the Ontario Line Project, with the total cost to be fully recovered from Metrolinx.
- b) \$128.3 million deferral of funding to 2023 and 2024 and \$28.9 million reallocation of funding between projects to transfer scope based on delivery group, revised timing and and/or scheduling requirements.

### ***Solid Waste Management Services***

As detailed in Appendix 4, City Council's authority is requested to amend the 2022 Capital Budget for Solid Waste Management Services by adjusting project cash flows to reflect program requirements. Overall, the adjustments reflect a total net cash flow reallocation of \$7.966 million from the 2022 Capital Budget to the 2023-2031 Capital Plan, Reserve Fund and recoverable debt funded.

- a) In order to facilitate the ongoing program requirements of Green Lane Cell Excavation and Base Construction, \$4.149 million in 2022 cash flow funding is being reallocated from Green Lane Gas Control System, Green Lane Leachate Control System, Green Lane Services/Cover/Storm Water, Green Lane Engineering & Monitoring. Funding Source are Recoverable Debt and the Waste Management Reserve Fund.

b) Reallocation of \$0.300 million reallocation to First Nations Engagement Grant Fund GLLRNG Study from Green Lane Gas Control System to provide grants to the First Nations (FN's) surrounding the City's Green Lane Landfill to facilitate FN's participation in the Green Lane Landfill Renewable Energy Study Project's engagement activities and their acquisition of technical consulting supports directly related to the project. Funding Source are Recoverable Debt and the Waste Management Reserve Fund.

c) A correction of \$0.362 million to the Additional Carry Forward report adopted by Council on May 11, 2021. This adjustment will move the approved carry forward reduction of \$0.362 million to the correct year which is 2026.

d) Deferral of \$8.328 million from a range of projects to realign 2022 cash flows based on impacts of 2021 carry forwards and related work to be completed in 2022, and overall capacity to deliver.

### ***Toronto Parking Authority (TPA)***

TPA has received Notification from City Planning of Section 37/45 funding received in 2021 in the amount of \$0.520 million for the Bike Share Program. Therefore, TPA is requesting Council approval on an in-year adjustment to reduce funding from retained earnings and to draw from the following two reserve accounts XR3026 and XR3028.

### **CONTACT**

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### **SIGNATURE**

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Heather Taylor  
Chief Financial Officer and Treasurer

## **ATTACHMENTS**

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Appendix 1 2022 Capital Variance and Projection Summary for the Four Months Ended April 30, 2022

Appendix 2 2022 4M Capital Projects Recommended for Full Closure

Appendix 3 2022 4M Major Capital Projects

Appendix 4 In-Year Adjustments for the Four Months Ended April 30, 2022

Appendix 5 2022 4M Capital Variance Dashboard by Program and Agency

Appendix 6 Preliminary List of Projects Paused or Applied Underspending Pending COVID-19 Funding