

March 29, 2010

To: Executive Committee

From: Budget Committee

Subject: Preliminary Capital Variance Report for the Year Ended December 31, 2009

Recommendations:

The Budget Committee recommends to the Executive Committee that:

- 1. City Council approve the budget and technical adjustments to its 2009 Approved Capital Budget as detailed in Appendix 2 attached to the report (March 22, 2010) from the Deputy City Manager and Chief Financial Officer.**
- 2. City Council approve carry forward funding for unspent 2009 capital projects totalling \$180.326 million gross and funding sources as detailed in Appendix 3.1 to the report (March 22, 2010) from the Deputy City Manager and Chief Financial Officer, in order to continue work on 2009 approved capital projects, and that the 2010 Approved Capital Budget be increased accordingly with no incremental impact on debt funding.**
- 3. City Council approve carry forward funding for unspent 2008 and prior year capital projects totalling \$17.445 million with no incremental increase to the 2010 Council approved debt funding as detailed in Appendix 3.2 to the report (March 22, 2010) from the Deputy City Manager and Chief Financial Officer, and that the 2010 Approved Capital Budget be adjusted accordingly.**
- 4. City Council approve the closure of completed capital projects detailed in Appendix 4 to the report (March 22, 2010) from the Deputy City Manager and Chief Financial Officer, and that uncommitted funds from under-spent completed projects be utilized to fund overspent completed projects with no incremental impact on debt, after which any remaining unspent funds be returned to the original funding source.**

5. **City Council request the Deputy City Manager and Chief Financial Officer to report back to the Budget Committee on any changes to the City of Toronto's 2009 year-end financial position after the external audit of the 2009 financial statements is finalized, if necessary.**

Background:

The Budget Committee on March 29, 2010, considered a report (March 22, 2010) from the Deputy City Manager and Chief Financial Officer, entitled "Preliminary Capital Variance Report for the Year ended December 31, 2009".

for City Clerk

Merle MacDonald/mh



STAFF REPORT ACTION REQUIRED

Preliminary Capital Variance Report for the Year-ended December 31, 2009

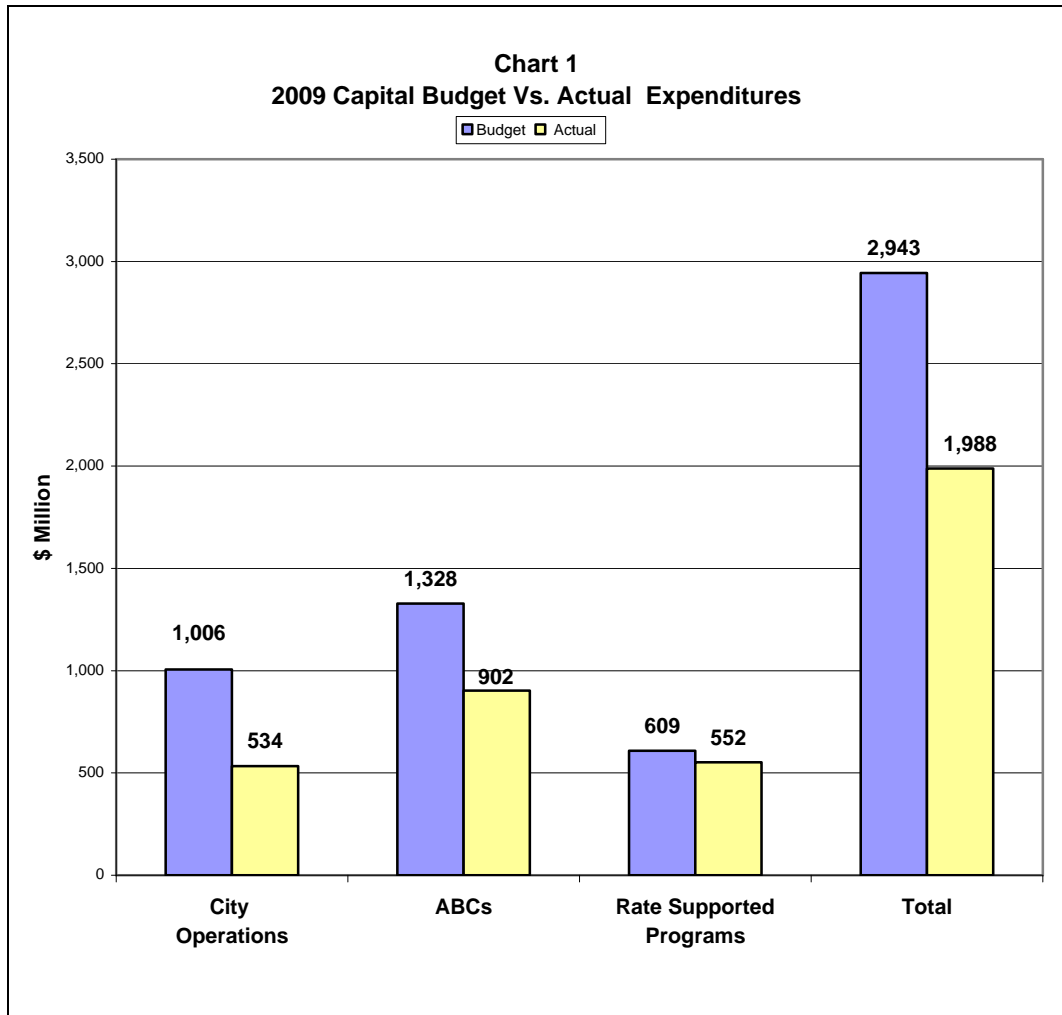
Date:	March 22, 2010
To:	Budget Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	P:\2010\Internal Services\FP\Bc10004Fp (AFS#11082)

SUMMARY

The purpose of this report is to provide the City of Toronto 2009 Preliminary Capital Variance for the year-ended December 31, 2009 and to request Council's approval for budget adjustments which reallocate funds between projects with no incremental impact on its 2009 Approved Capital Budget. This report is provided in advance of concluding the external audit of the City's accounting information, therefore, if necessary, a final report will be submitted to Council after the 2009 financial statements are finalized.

City of Toronto capital expenditures for the year-ended December 31, 2009 totalled \$1.988 billion or 67.5% of the 2009 Approved Capital Budget of \$2.943 billion. The under-spending is primarily attributed to the inability to find and secure suitable sites in accordance with the planned timeframes; delays in securing funds from cost-sharing partners; unanticipated delays in construction start-up and deferral of work; and the impact of the labour disruption. In addition, several projects were completed under-budget. Unspent funds for incomplete projects will be carried forward to 2010 on an as required basis, in accordance with the City's Carry Forward Policy

Tax Supported Programs spent \$1.436 billion, representing 61.5% of their collective 2009 Approved Capital Budget of \$2.334 billion (see Appendix 1). City Operations spent \$533.565 million or 53.1% of the 2009 Approved Capital Budget of \$1.006 billion; while Agencies, Boards and Commissions (ABCs) spent \$902.442 million or 68.0% of their collective 2009 Approved Capital Budget of \$1.328 billion. In total, Rate Supported Programs spent \$551.688 million or 90.6% of their 2009 Approved Capital Budget of \$609.025 million (see Chart 1).



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RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. Council approve the budget and technical adjustments to its 2009 Approved Capital Budget as detailed in Appendix 2 attached.
2. Council approve carry forward funding for unspent 2009 capital projects totalling \$180.326 million gross and funding sources as detailed in Appendix 3.1, in order to continue work on 2009 approved capital projects, and that the 2010 Approved Capital Budget be increased accordingly with no incremental impact on debt funding.
3. Council approve carry forward funding for unspent 2008 and prior year capital projects totalling \$17.445 million with no incremental increase to the 2010 Council approved debt funding as detailed in Appendix 3.2, and that the 2010 Approved Capital Budget be adjusted accordingly.
4. Council approve the closure of completed capital projects detailed in Appendix 4, and that uncommitted funds from under-spent completed projects be utilized to fund overspent completed projects with no incremental impact on debt, after which any remaining unspent funds be returned to the original funding source.
5. The Deputy City Manager and Chief Financial Officer report back to the Budget Committee on any changes to the City of Toronto's 2009 year-end financial position after the external audit of the 2009 financial statements is finalized, if necessary; and
6. The Budget Committee forward this report to the Executive Committee for its consideration.

FINANCIAL IMPACT

As summarized in Table 1 below, for the year-ended December 31, 2009, actual expenditures for Tax Supported Programs totalled \$1.436 billion or 61.5% of the 2009 Approved Capital Budget of \$2.334 billion. By comparison, these Programs spent 68.4% of their 2008 Approved Capital Budget.

Rate Supported Programs spent \$551.688 million or 90.6% of their collective 2009 Approved Capital Budget of \$609.025 million. By comparison, these Programs spent 73.5% of their 2008 Approved Capital Budget.

Table 1
Corporate Preliminary Capital Variance Summary
for the Year Ended December 31, 2009

(\$000s)			
	2009 Approved	Actual Expenditures -	
		\$000	%
Tax Supported Programs:			
Citizen Centred Services - "A"	216,960	114,456	52.8
Citizen Centred Services - "B"	497,048	256,053	51.5
Internal Services	195,796	110,656	56.5
Other City Programs	95,962	52,401	54.6
Agencies, Boards & Commissions	1,327,788	902,442	68.0
Total - Tax Supported	2,333,554	1,436,007	61.5
Rate Supported Programs:			
Toronto Parking Authority	30,495	8,403	27.6
Solid Waste Management	71,111	28,877	40.6
Toronto Water	507,419	514,409	101.4
Total Rate Supported	609,025	551,688	90.6
Total	2,942,579	1,987,695	67.5

ISSUE BACKGROUND

This report is provided pursuant to good business practice and budgetary control. As part of the City's accountability framework, capital variance reports are submitted to Committees and Council on a quarterly basis in order to provide information on how the approved capital works program is progressing, and on an exception basis, to identify issues that require direction and/or decisions from Council.

The report details capital spending performance for the year-ended December 31, 2009. It identifies factors that negatively impact capital spending plans and, where relevant, proposes appropriate corrective action.

COMMENTS

At its meeting of December 10, 2008, Council approved a 2009 Tax-Supported Capital Budget of \$1.637 billion and on November 6, 2008, Council approved a 2009 Rate-Supported Capital Budget of \$514.223 million for a total Tax and Rate-Supported 2009 Capital Budget of \$2.151 billion. The 2009 Rate-Supported Capital Budget includes \$429.838 million approved for Toronto Water, \$27.930 million for Toronto Parking Authority and \$56.455 million for Solid Waste Management.

Including additional 2008 carry forward funding, the 2009 Adjusted Capital Budget is \$2.943 billion.

Capital spending performance for each Program, Agency, Board and Commission (ABC) for the period ending December 31, 2009 is discussed below.

At its meeting of August 5, 6 2009, City Council approved Budget Committee's recommendation to include State of Good Repair (SOGR) analysis for current and previous year with the Quarterly Capital Variance report. Appendix 1.1 presents spending performance for SOGR projects by City Program, and ABC. The SOGR spending rate for City Programs, Agencies, Boards and Commissions is discussed within their respective sections below.

CAPITAL VARIANCE BY CITY PROGRAM / ABC

Citizen Centred Services "A"

For the year-ended December 31, 2009, actual capital expenditures for this Cluster totalled \$114.455 million or 52.8% of the 2009 Approved Capital Budget of \$216.960 million. Capital spending performance, including explanations of significant under-spending for Programs within this Cluster is summarized below:

Citizen Centred Services "A"		
Corporate Preliminary Capital Variance Summary		
for the Year Ended December 31, 2009		
(\$ Million)		
	December 31, 2009	
	Over/(Under)	%
	\$	of Budget Spent
311 Customer Service Strategy	(6.0)	67.4
Children's Services	(8.9)	19.8
Court Services	(0.9)	73.5
Economic Development & Tourism	(9.0)	59.3
Emergency Medical Services	(4.5)	61.0
LTCHS (Homes for the Aged)	(5.6)	51.8
Parks, Forestry & Recreation	(60.2)	52.4
Shelter, Support and Housing Administration	(3.9)	52.8
Toronto Employment and Social Services	(3.4)	15.9
Sub-Total	(102.5)	52.8

The 311 Customer Service Strategy project had spending of \$12.379 million or 67.4% of its 2009 Approved Capital Budget of \$18.380 million. Project timelines have been adjusted to reflect the impact of the labour disruption. Based on revised project schedules, the remaining 2009 funds will be carried over into early 2010 to complete remaining phases of the project.

The 311 Customer Service Strategy Program's capital projects are all categorized as *Service Improvement* projects.

Children's Services spent \$2.212 million or 19.8% of its 2009 Approved Capital Budget of \$11.144 million. Excluding the Provincially funded portion of \$4.0 million for the Health and Safety – Playground project, the year-end spending rate is 31.0%. The under-spending is primarily due to the following:

- The *Health and Safety Playground* project (\$5.0 million) is under-spent by \$4.042 million, as Children's Services has not received \$4 million (80%) share of provincial funding; the City portion of \$1.0 million or 20% of 2009 approved cash flow is 96% spent at December 31, 2009.
- The *New Child Care Centres* project (\$5.255 million) is under-spent by \$4.305 million, with construction delays at *Thorncliffe Park* resulting in under-spending of \$0.416 million, resulting in a revised completion date of early 2010; *Chester Le* project and *St Andrew* project are under-spent by \$1.563 million and \$0.957 million respectively, as both projects have been delayed due to design negotiations with the Toronto district school boards; and the *Thomas Berry* project is under-spent by \$1.369 million as negotiations with TDSB for the purchase of this property have continued into 2010;
- The *Regent Park Children's Hub* project (\$0.539 million) had no spending during 2009, as the construction of this project is dependant on the overall timing of the *Regent Park Revitalization Initiative* and could not move forward.

The 2009 *State of Good Repair (SOGR)* budget for Children's Services is comprised of one project, the Municipal Child Care Centres SOGR with a budget of \$0.300 million, with year-end spending of \$0.287 million and spending rate of 95.7%. For 2008, the SOGR budget was comprised of \$0.300 million for the Municipal Child Care SOGR, with year-end spending of \$0.299 million representing a spending rate of 99.7%.

Court Services spent \$2.512 million or 73.5% of its 2009 Approved Capital Budget of \$3.418 million. All projects are funded from the Provincial Offences Court Stabilization Reserve, and have no impact on the City's debt.

While all the leasehold facility improvement projects are completed and all six courtrooms have been built, the unspent balance of \$0.906 million is due to under-spending in the *Provincial Offences Act Application Development* project. The *POA Application Development* project cost will be reduced by \$0.500 million as funding for the alternative dispute resolution for parking tickets is no longer required and the project will not proceed.

Funds in the amount of \$0.353 million will be carried forward into 2010 and are required for the completion of Phase 2 of the *Court Administration Records* system including collections tracking software and IVR payment services.

Economic Development and Culture spent \$13.087 million or 59.3% of its 2009 Approved Capital Budget of \$22.084 million. The under-spending is mainly due to the following projects:

- The *2009 John Street Roundhouse* project which is under-spent by \$0.757 million due a construction delay given that the developer's construction activities overlapped with the City project and therefore the City project could not proceed until the other work was completed.
- *Fort York* projects:
 - The *UNESCO Nomination and Bicentennial Heritage Trail* project is under-spent by \$0.160 million as Federal funding was not secured and will not be carried forward in 2010;
 - The *Adding New Buildings* project was delayed by a lengthy 2 stage design competition and therefore under-spent by \$0.855 million;
 - The *Restoration* project is under-spent by \$0.275 million as restoration was linked to the overall site improvements planned for 2010.
- The *Todmorden Mills ISF* project is under-spent by \$0.635 million as infrastructure funding was secured late in the year. Tendering has been completed and construction will be completed in 2010.
- The *Guild Restoration* project is under-spent by \$1.049 million due to the recent partnership negotiations with Centennial College.
- The *Casa Loma 2009* project is under-spent by \$0.675 million as a result of unforeseen conditions of the conservatory requiring additional engineering and changes to the construction plan in mid-year.
- *Cultural Collections Centre Waterfront* project is under-spent by \$0.585 million as a result of the ongoing investigation of the appropriateness of Old City Hall for the future Museum of Toronto.

As at December 31, 2009, the program spent \$8.778 million or 64.1% of the \$13.703 million approved cash flow for *State of Good Repair* projects. The spending rate during the same period of last year was 65%. The projected year-end SOGR under-spending is mainly due to the *John St. Roundhouse 2009* project (\$0.757 million), which is delayed due to the overlap of the developer's work with the City's project.

Emergency Medical Services' (EMS) spent \$7.016 million or 61% of its 2009 Approved Capital Budget of \$11.494 million. The under-spending of \$4.477 million is primarily due to the following:

- Delay in the issuance of RFPs for nine *Infrastructure Stimulus Fund* projects as funding was secured late in the year. The under-spending of \$2.201 million will be carried forward into 2010.
- The labour disruption and structural design changes for a number of stations delayed the completion of the *Asset Management and Station Refurbishment* projects into 2010 (\$0.818 million).

- Signing of construction contracts were behind schedule, combined with the recent labour disruption, delayed the commencement of the reconstruction projects for *Stations 17 and 18* projects (\$0.803 million).
- Contract negotiations took longer than expected, thus delaying the implementation of Phase 2 of the *Central Ambulance Communication Centre (CACC) and Systems Redesign* project to early 2010 (\$0.446 million).
- Six capital projects, (*Mobile Data Communications, the Headquarters Security, Construction of Station 29, the Emergency Power Supply, and the Purchase of Medical Equipment and 1 Ambulance Vehicle*) were completed under budget resulting in total saving of \$0.149 million.

EMS' *State of Good Repair* (SOGR) projects comprise 86% or \$9.844 million of the 2009 approved cash flow of \$11.494 million. SOGR year-end expenditures total \$6.281 million or 55% of the 2009 approved cash flow, a slight improvement over the 2008 actual of 53.7%.

Of the total \$4.477 million under expenditure, \$4.208 million in 2009 funding will be carried forward into 2010.

Long-Term Care Homes & Services spent \$5.998 million or 51.8% of its 2009 Approved Capital Budget of \$11.584 million. While all Long-Term Care Homes & Services projects are in process, the labour disruption delayed tender releases. Therefore, additional carry-forward funding in the amount of \$4.211 million is required to ensure that unfinished projects are completed in 2010.

State of Good Repair projects represent 16.5% or \$1.916 million of the 2009 Approved Capital Budget of \$11.584 million. As of December 31, 2009, 63.57% of the approved funding for SOGR projects was spent. The spending rate in the same period of the last year was 77.9%.

Parks, Forestry and Recreation (PF&R) spent \$66.225 million or 52.4% of its 2009 Approved Capital Budget of \$126.473 million. In addition to the amount spent, Parks, Forestry and Recreation's Capital Program has \$30.222 million or 24% in contract commitments for projects that are currently underway. The under-spending is mainly due to the following projects:

- *Community Centres* projects are under-spent by \$15.352 million since the *Warden Corridor Community Centre* project will be tendered later than originally scheduled; design for *Regent Park* project was not started; and Toronto and Region Conservation Authority (TRCA) approval for *York Community Centre* project was delayed due to concerns regarding the Black Creek bank stabilization.
- *Park Development* projects are under-spent by \$7.600 million since the *Dogs-Off-Leash Area Fencing* project budget is not fully spent this year because not all of the parks are ready for implementation; the *Taddle Creek* project is not completed due to the need for additional community consultation; the *June Rowlands Park* project is not completed since the design stage of the project took longer than anticipated; and the *Grange Park* project is not completed due to Council's decision to postpone the project to 2011.

- *Special Facilities* projects are under-spent by \$5.959 million since the ferry vessels cannot be scheduled to go into dry dock for maintenance work until year-end; the *Bluffers Park Transformer* project was delayed due to a 4 month equipment delivery timeframe; and the *High Park Teaching Kitchen* project was delayed as a result of scheduling conflict with Fleming College.
- *Facility Components* projects are under-spent by \$3.980 million since \$1.300 million for the *Work Order System* project was not spent due to the delays in obtaining and verifying data and labour disruption; and approximately \$1.400 million for security was not spent.
- *Outdoor Recreation Centre* projects are under-spent by \$3.930 million as \$1.0 million was not spent for the *St. Mathews Lawn Bowling Club* due to the scheduling delays, however the funding is committed and will be spent in 2010; the Partnership Opportunity Legacy donation in the amount of \$0.200 million for the *Panorama Court Cricket Field* and \$0.200 million donation for the *Beaches Volleyball Courts* have not yet been received; and \$0.3 million for various *CAMP* projects is delayed as a result of labour disruption.
- *Playgrounds/Waterplay* projects are under-spent by \$1.960 million since \$0.450 million for the *Play Enhancement* program was delayed to spring 2010 due to the labour disruption, the *Oriole Park* project was not completed last fall and the *Harryetta Waterplay* project construction was postponed to the spring 2010 due to the labour disruption. A portion of the work has commenced. The water connection to municipal services was made in early February. The balance of the work is being tendered now and the project will be completed in 2010.
- *Pools* projects are under-spent by \$5.0 million due to the delays arising from the need to coordinate the *Regent Park Pool* development with the Toronto Community Housing Corporation. Due to recommendations from various stakeholders, a revision to the pool design to better serve the needs of youth and seniors has begun.
- *Arenas* projects are under-spent by \$2.430 million due to delays arising from the labour disruption as work did not start during the arenas' "shut down" period and *Col. Sam Smith Outdoor Rink* sub-project may not be completed since community opposition has delayed the process.
- *Trails and Pathways* projects are under-spent by \$0.820 million since the *Trail Rebuilding* program was deferred to 2010 due to the 2009 labour disruption.
- *RInC and ISF* projects are under-spent by \$3.372 since a number of infrastructure stimulus projects initiated in October 2009 are in design stage or under construction.

Spending on *State of Good Repair* (SOGR) projects is \$28.249 million with \$1.71 million returned to various reserve funds and to City debt as projects were either completed under budget or Council direction does not allow for funds to be carried forward, amounting to a total of \$29.959 million or

80.7% of SOGR 2009 approved cash flow of \$37.130 million. In 2008, the year-end SOGR spending rate was 82%. The under-spending is mainly due to the following:

- *Outdoor Recreation Centre* projects are under-spent by \$0.600 million since the *Beaches Volleyball Courts* donations have not been received due to the legal issues.
- *Pools* projects are under-spent by \$1.190 million since the work at the *Gus Ryder Outdoor Pool* project did not start in the spring, as planned, due to a legal challenge from an unsuccessful bidder. The contract was awarded and construction was deferred to the fall of 2009 and spring of 2010.
- *Parking Lots and Tennis Courts* projects are under-spent by \$0.280 million since the *Humber Bay Parking Lot Reconstruction* project was delayed due to the labour disruption. The construction contract has been awarded and work will proceed in 2010.
- *Arenas* projects are under-spent by \$0.930 million due to the labour disruption as work did not get started during the arenas' "shut down period".
- *Community Centres* projects are under-spent by \$0.250 million due to the reduction in purchase price for Franklin Horner.
- *Environmental Initiatives* projects are under-spent by \$0.510 million due to the labour disruption.
- *Special Facilities* projects are under-spent by \$1.650 million since the *Bentworth Yard* site plan approval was delayed due to labour disruption and the *Bluffers Park Transformer* project was delayed due to approvals from TRCA and THESI.

Shelter, Support and Housing Administration spent \$4.373 million or 52.8% of its 2009 Approved Capital Budget of \$8.282 million. The under-spending is primarily due to the following:

- The *Social Housing Administration System* project (\$2.192 million) is under-spent by \$1.434 million. While system production of specific modules is well underway, progress on testing and implantation was delayed due to the labour disruption.
- *129 Peter Street Shelter* project (\$2.534 million) is under-spent by \$0.728 million. Construction was delayed due to the need to first remove asbestos from the site, difficulties with sewage connection and the addition of an elevator; the construction is scheduled for substantial completion in the spring 2010.
- *Capital Repairs/Replacements* projects for City operated/ Leased Shelters (\$1.098 million) is under-spent by \$0.710 million, as maintenance projects for the City's 16 owned and leased shelters projects were delayed due to the labour disruption.

- The *Shelter Management Information System* project (\$0.662 million) is under-spent by \$0.365 million. Training is under way and over 50% of the shelters are using the system; due to delays resulting from the labour disruption, the full implementation will be completed in first quarter of 2010.
- The *Shelter Development/ Redevelopment* project (\$0.350 million) is under-spent by \$0.334 million; feasibility assessments were completed on a number of properties and development options are still being reviewed.
- *AHO Information Tracking Systems* projects (\$0.300 million) are under-spent by \$0.238 million, as hiring the development team was delayed due to the labour disruption.

The *State of Good Repair* (SOGR) 2009 approved cash flow for SSHA is comprised of 2 projects; both are for the general repair of the City's 16 owned/ leased shelters. The approved cash flow for SOGR projects in 2009 is \$1.098 million, with year-end spending of \$0.388, or 35 %. By comparison, the 2008 approved cash flow for SOGR projects was \$0.707 million, with year-end spending of \$0.199 million or 28%.

Toronto Employment & Social Services (TESS) spent \$0.652 million or 16% of its 2009 Approved Capital Budget of \$4.102 million. All projects are fully funded by provincial subsidies dedicated to technology for the Ontario Works (OW) program. The under-expenditure is primarily due to the following:

- The *WAYS - Phase 1* (external web-enabled interactive tools) project was launched successfully in November 2008. Further enhancements were required by the Province due to OW rate changes and French language conversion. The project will be closed in 2010 pending outstanding invoices and thus, the unspent funding of \$0.350 million will be carried forward to 2010.
- The *Employment Assistance - Phase 1* project is on schedule with the first module implemented, while development work for the second module is continuing in 2010. The Program will carry forward \$0.884 million to 2010.
- The *Contract Management Office (CMO)* is expecting to finalize a contract with Oracle in early 2010 for development of an interactive dashboard for the *MIS-Data Mart - Phase 1* project. Thus, the Program will carry forward \$0.815 million to 2010.
- The *Case Management - Phase 1* project is in the planning stage, with \$0.800 million to be carried forward to 2010.
- A Business Case for the *WAYS - Phase 2* project was submitted to the Province followed by a presentation to the joint Online Application Pilot Steering Committee (Province & City). A Sole Source Request for a contract with Sylogix has been approved by Council. Release of the contract is pending Provincial approval. Thus, the Program will carry forward \$0.600 million to 2010.

TESS has no *State of Good Repair* projects.

Citizen Centred Services “B”

For the year-ended December 31, 2009, actual capital expenditures for this Cluster totalled \$256.053 million or 51.5% of the 2009 Approved Capital Budget of \$497.048 million. Spending performance, including explanation of significant variances for Programs within this Cluster, is summarized below:

Citizen Centred Services "B"		
Corporate Preliminary Capital Variance Summary		
for the Year Ended December 31, 2009		
(\$ Million)		
	December 31, 2009	
	Over/(Under)	%
	\$	of Budget Spent
City Planning	(3.9)	55.6
Policy, Planning, Finance and Administration	(0.7)	51.3
Fire Services	(2.3)	72.0
Transportation Services	(198.2)	51.2
Climate Change	(0.9)	55.8
Waterfront Revitalisation Initiative	(35.0)	50.4
Sub-Total	(241.0)	51.5

City Planning spent \$4.909 million or 56.2% of its 2009 Approved Capital Budget of \$8.733 million. This is in line with 2008 spending, which was at 59.5% by year-end. The variance is primarily due to \$2.011 million of unspent funds for *Civic Improvement* projects as a result of the labour disruption. These projects are currently underway and will be completed in 2010.

Development Charge Funded Studies were also under-spent by \$1.114 million, primarily as a result of Environmental Assessment delays due to changes to the Transit Environmental Assessment regulations.

Policy, Planning, Finance and Administration spent \$0.731 million or 51.3 % of its 2009 Approved Capital Budget of \$1.425 million. By comparison, the spending rate in 2008 was 36%.

State of Good Repair projects represent 93.0% or \$1.325 million of the 2009 approved cash flow. As at December 31, 54.8% of the approved funding for SOGR projects was spent and \$0.532 million will be carried forward into 2010.

The under-spending is mainly attributed to the following:

- The *433 Eastern Avenue* projects (condenser replacement and asphalt pavement replacement) is under-spent by \$0.377 million resulting from the delay in awarding the contract for the

condenser replacement and cooling tower due to insufficient funding; and, the asphalt pavement replacement project was delayed by the labour disruption and winter constraints. The work will be completed in 2010.

- The *Emergency Repairs* project was under-spent by \$0.051 million as there were no emergency repairs during 2009.

Service Improvement projects represent 4.0% or \$0.100 million of the 2009 approved cash flow. As at December 31, 4.8% of the approved funding was spent. This under-spending is due to delayed hiring and delayed fence design proposal that was originally planned and \$0.095 will be carried forward to 2010.

Fire Services spent \$5,984 million or 72 % of its 2009 Approved Capital Budget of \$8.316 million.

State of Good Repair projects (SOGR) represent 64% or \$5.329 million of the 2009 approved cash flow. As of December 31, 2009 67% of the approved funding for SOGR projects was spent. The spending rate in 2008 was 70%. Significant SOGR projects which were under-spent at year-end are as follows:

- *Training Facilities Renovation -West Burn House* project had spending of \$0.010 million or 1.6% of the 2009 approved cash flow of \$0.600 million. The project was delayed because the selected tender exceeded the originally approved estimates. Once additional funding was identified and approved in 2009, the resulting late start meant the project could not be finished in 2009. Unspent funding of \$0.590 million is recommended to be carried forward to 2010.
- *Asset Management* projects had spending of \$0.938 million or 63.7% of the 2009 approved cash flow of \$1.471 million. Project spending rates were lower due to the recent municipal labour disruption. In addition, due to project reprioritization the vendor did not have the resources to complete work in the requested time frame. The projects will be addressed in early 2010. Out of the total unspent funding of \$0.533 million, \$0.400 million is recommended to be carried forward to 2010.
- **The *Voice Logging System* project actual expenditure was of \$0.105 million or 26.3% of the 2009 approved cash flow of \$0.400 million. The system is meant to provide complete redundancy and improved archiving capabilities while reducing system failures. Spending was delayed due to the labour disruption resulting in an under-expenditure of \$0.295 million with only the first part of the project completed by year-end. The unspent funding will be carried forward to 2010.**
- **The *Payroll Time Scheduling System Upgrade* project's actual expenditure was \$0.109 million or 38.9% of the 2009 approved cash flow of \$0.280 million. This capital expenditure is required in order to replace the unsupported Fire Services time-entry system with QuatroTime Ver. 4. Due to an extended period required for Legal Services to process the vendor contract and with Corporate IT for assessment of SAP compatibility issues the project was delayed and was under-spent by \$0.171 million at year end. The**

unspent funding will be carried forward to 2010 from 2008 with implementation planned for October 2010.

Other projects comprise 36% or \$2.987 million of the 2009 approved cash flow. Of these other projects, *Service Improvement* project funding represents \$2.187 million or 26.3% of the 2009 approved cash flow. The 2009 approved cash flow is for the *Toryork Bays Extension* project to allow an increase in vehicle servicing capacity. The project was \$2.0 million or 91.6% spent in 2009 and will be completed in 2010 with \$0.184 million recommended to be carried forward to 2010.

Transportation Services spent \$207.695 million or 51.2% of its 2009 Approved Capital Budget of \$405.863 million. Most of the under-spending is in the Program's projects that require third party coordination and/or funding.

- *State of Good Repair* projects (SOGR), including Infrastructure Stimulus Fund (ISF) projects represent \$210.080 million or 52% of the 2009 approved cash flow. In 2009, approximately \$113.299 million or 54% of the approved funding for SOGR projects was spent, compared to the 2008 spending rate of 69%. The major expenditures in 2009 included *Road and Sidewalk Repair* projects (\$79.165 million), *Bridge Rehabilitation* projects (\$27.155 million) and *Traffic Control and Infrastructure* projects (\$6.290 million). Most of the under-spending in this category is due to the following:
 - Approximately 169 projects totalling \$32.176 million or 15% of the 2009 approved cash flow for SOGR, partially funded from the Infrastructure Stimulus Fund program, commenced in late 2009, as infrastructure funding was secured late in the year resulting in 97.9% or \$31.487 million being unspent.
 - **Bridge Rehabilitation projects represent \$50.918 million or 24% of the 2009 approved cash flow for SOGR. Approximately \$23.763 million of 47% was unspent due to a delay in tendering and construction caused by the 2009 labour disruption.**
- *Growth Related* projects represent \$153.872 million or 38% of the 2009 approved cash flow. Capital expenditures in this category totalled \$80.939 million or 47.4% of the approved cash flow for this category, compared to the 2008 spending rate of 35%. Most of the under-spending is due to the following:
 - The *St. Clair Dedicated Right of Way* project actual expenditures totalled \$32.551 million or 64.2% of its 2009 approved cash flow of \$50.666 million. The under-spending resulted from longer than anticipated utility work with Toronto Hydro and Toronto Water. The reconstruction of the turning loop at Lansdowne Avenue and at the section at Gunns Road was also delayed. Progress on this project is on-going and is scheduled to be completed in spring 2010.
 - The *Bloor Street Transformation* project's actual expenditures total \$5.881 million or 26.3% of the 2009 approved cash flow of \$22.389 million. After an initial delay in 2008 arising from the need to accommodate the local BIA's expressed intent to minimize disruptions

during seasonal shopping period in December, the project was tendered and awarded and construction has begun. However, progress on the project was further delayed due to the need for coordination of underground utility work. The project is scheduled to be completed at the end of 2010.

- The *Dufferin Jog Elimination* project's actual expenditures total \$15.270 million or 56.2% of its 2009 approved cash flow of \$27.163 million. The under-spending is due to construction delays resulting from unforeseen conditions including contaminated groundwater, required track diversion and damage of buried fibre optic cables. The project is anticipated to be fully completed by spring 2010.
- ***Service Improvement and Health & Safety* project funding together represent \$41.911 million or 10% of the 2009 approved cash flow. Capital expenditures for these projects total \$21.463 million or 51.2%. The 2009 approved cash flow includes projects related to traffic control, salt management, cycling infrastructure and engineering studies. Projects funded through the Recreational Infrastructure Canada (RInC) program are also in this category of projects. Capital expenditures on RInC projects total \$0.047 million or 0.8% as funding was secured late in the year.**

The Toronto Environment Office (TEO) spent \$1.130 million or 55.8 % of its 2009 Approved Capital Budget of \$2.024 million. The 2009 spending shows a significant improvement over 2008 spending, which was 38%. The under-spending of \$0.895 million is attributable to the following:

- The *Climate Change Adaptation* project which was deferred to 2010 because of the unexpected complexity in preparing the RFP, unexpected opportunities to partner with external agencies which needed to be negotiated and which will significantly improve the outcomes of the initiative and the labour disruption.
- Under-spending in the *Investigate Deep Lake Water Cooling* project and *Live Green Toronto* project due to delays in operational issues with other parties.

This funding was transferred from TEO's Capital Budget to the 2010 Recommended Operating Base Budget.

Service Improvement projects represent 100% of the 2009 Approved Capital Budget. Significant projects include the *ECO Roof Grant* project. The program received proposals in the spring of 2009 for the Eco-Roof grants and the selected projects will receive approximately \$0.5 million from the *Eco-Roof Grant* project, with funds provided once the recipients complete their project.

***Waterfront Revitalization Initiative's* capital expenditures for the year-ended December 31, 2009 totalled \$35.660 million or 49.6% of its 2009 Approved Capital Budget of \$71.917 million. *Growth Related* projects represent 100% of the 2009 Approved Capital Budget.**

The under-spending of \$36.257 million is primarily due to changes in the implementation schedules for the *East Bayfront* project, *West Don Lands Precincts* project, *Central Waterfront Public Realm* project and front-loading of initiatives in 2009 and 2010 to ensure that Federal Government funding is invested and fully spent prior to the March 31, 2011 deadline.

The changes in the acceleration of the above noted projects resulted in the delay of the following sub-projects: *Sportsfields Facilities and Parks Development* project (\$12.521 million); *Transportation Initiatives* project (\$4.659 million); *Precinct Implementation* projects (\$7.361 million); *Financial Securities* project (\$8.594 million) and *Regional Sports Complex –Planning and Design* project (\$1.231 million). In addition, no *Technical Studies* were required in 2009 resulting in \$0.539 million not being spent. It is anticipated that these *Growth Related* projects will be completed in 2010.

Internal Services

For the year-ended December 31, 2009 actual capital expenditures for Internal Services totalled \$110.656 million or 56.5% of their collective 2009 Approved Capital Budget of \$195.796 million. Spending performance for Internal Services Programs is summarized below:

Internal Services		
Corporate Preliminary Capital Variance Summary		
for the Year Ended December 31, 2009		
(\$ Million)		
	December 31, 2009	
	Over/(Under)	%
	\$	of Budget Spent
Facilities & Real Estate	(22.8)	56.6
Financial Services	(12.9)	24.9
Fleet Services	(23.2)	60.9
Information Technology	(26.3)	60.7
Sub-Total	(85.1)	56.5

Facilities and Real Estate spent \$29.690 million or 56.6% of its 2009 Approved Capital Budget of \$52.499 million. The spending rate is lower than the 2008 spending rate of 67.2% due to delays arising from the labour disruption, administration issues with respect to procurement selection, and finalization of contracts. Further, high priority was given to ISF projects which resulted in re-directing work efforts from Facilities Management's projects.

State of Good Repair projects represent 53% or \$27.704 million of the 2009 approved cash flow. Actual expenditures were \$16.355 million or 59% of the 2009 approved cash flow. This category consists of approximately one hundred projects in various project groupings that focus on the type of capital maintenance required (structural maintenance, re-roofing, site work etc.) to keep assets in a state of good repair. Delays occurred in a number of projects due to the labour disruption as

project managers were redeployed to other duties. The most significant projects in this category which were under-spent are:

- The *Old City Hall HVAC Upgrade* project and other *Old City Hall upgrade/retrofit* projects represent 18% of the 2009 approved cash flow. A contract for the *Old City Hall HVAC and Ceiling Retrofit* in the amount of \$21.0 million was approved by Council in May 2009. However, spending on this project was delayed due to the labour disruption and vendor/legal issues. The vendor started the project in November resulting in \$4.349 million or 83% of its 2009 approved cash flow being carried forward into 2010.
- The *Nathan Phillips Square* project, including the *City Hall's Second Floor Roof Repair* project (\$6.742 million) accounts for another 12.8% of the 2009 approved cash flow. This project incurred a high spending rate of 77.9% and the balance of \$1.489 million will be carried forward into 2010.

Health and Safety and Legislative projects represent 14% or \$7.798 million of the 2009 approved cash flow. Actual expenditures are \$5.424 million or 69.5% of the 2009 approved cash flow for these projects. Delays and timing of issuing requests for quotations (RFQ's) deferred construction phases on a number of projects. Also, a number of projects were completed under budget as bids came in lower than anticipated.

***Service Improvement* project funding represents 31% or \$16.383 million of the 2009 approved cash flow. The major projects included in this category are the *Bathurst Street Silo Stabilization, Yards Consolidation Study* and the *Capital Asset Management System (CAMS)* projects. Actual expenditures are \$7.521 million or 45.9% of the 2009 approved cash flow. Circumstances such as stakeholder input, the labour disruption, revised consultant estimates as well as the timing of finalizing contracts with vendors (for CAMS) and the design of special projects (Silo's design finished late in the year) have resulted in a lower spending rate than anticipated.**

The only approved *Growth* related projects are the development of the *Father Henry Carr High School* project and renovations of the facility at *1652 Keele Street* both situated in the Toronto's 13 priority neighbourhoods. They account for approximately 1% or \$0.613 million of the 2009 approved cash flow. The spending rate for these projects is 63.6% as funding agreements with third parties have delayed progress.

***Financial Services* spent \$4.265 million or 24.9% of its 2009 Approved Capital Budget of \$17.117 million. Under-spending is mainly attributed to the following:**

State of Good Repair projects represent 24.8% or \$4.243 million of the 2009 approved cash flow. Financial Services' SOGR spending rate of 14.3% is much lower than the 28.2% spending rate in 2008.

- The *Tax & Water Upgrade* project represents 18.0% or 3.080 million of the 2009 approved cash flow. This project is progressing slowly pending final approval of a tax-solution provider.

Spending rate is 9.5% at year-end resulting in under-spending of \$2.787 million which will be carried forward to 2010.

- The *Payment Processing Equipment Replacement* project is under-spent by \$0.484 million due to a delay in releasing the RFP, which was rescheduled for release in the first half of 2010. Spending in 2009 is \$0.115 million or 19.2% of the 2009 approved cash flow of \$0.599 for this project. Remaining funding of \$0.484 will be carried forward to 2010.
- **The *Parking Tag Management Software Upgrade* project with 2009 approved cash flow of \$0.389 million is under-spent by \$0.262 million as this project is on hold pending resolution of requirements for an on-line dispute program. Remaining funding will be carried forward to 2010.**

***Service Improvement* project funding represents 69.9% or \$2.981 million of the 2009 approved cash flow. Financial Services' 2009 spending rate for *Service Improvement* projects is 28.9% projects compared to 60.6% in 2008.**

- *Workflow and Document Management Technology* project had no spending in 2009 because the original project scope is being revised. The entire 2009 cash flow of \$0.772 million is to be carried forward to 2010.
- The *Accounts Payable Process Improvements* project is under-spent by \$0.996 million due to contract issues with the vendor. As a result, the project's scope is being revised to include additional functionalities.
- The *Financial Planning, Analysis & Reporting System* project is under-spent at year-end by \$4.383 million as work on a custom solution was on hold pending an evaluation of a new SAP solution. Decision was made in November 2009 to proceed with new SAP solution.-PBF
- The *Revenue System Phase II* project had which spending of \$0.164 million only includes the implementation of the IVR project and amount of \$0.789 million will be carried forward to 2010.

The only *Growth related* project is the *Tax Increment Financing Implementation* project. The Tax Increment Financing Act was passed, however, it is currently delayed by Provincial Regulations.

***Legislated projects* represent 14.4% of the 2009 approved cash flow. Financial Services spent \$0.677 million or 27.4% in this category, compared to 36.3% in 2008.**

- **The most significant project in this category is the *Fixed Asset Records System*. This project was delayed in order to be aligned with other SAP initiatives. Spending of \$0.653 million will result in \$1.100 million being carried forward into 2010 for implementation in early 2010.**

In general, the capacity to spend or move forward on several projects was hindered by the labour disruption.

Fleet Services spent \$36.032 million or 60.9% of its 2009 Approved Capital Budget of \$59.197 million for the year-ended December 31, 2009.

State of Good Repair projects represent 94.2% or \$55.734 million of the 2009 Approved Capital Budget. As of December 31, 2009 \$33.228 million or 59.6% of the approved cash flow funding for SOGR projects was spent. The under-spending of \$22.506 million is primarily due to the delay in procurement resulting from specification development with Divisions for specialized vehicles and equipment, such as excavators, loaders, side-loading packers, and combination sewer vacuum / cleaners for specific business operations. The labour disruption also added to the delay in the delivery as postponement of the pre-production and pre-delivery of these vehicles and equipment was postponed. In addition, vehicle design changes delayed the replacement of Fire Service vehicles, as a significant amount of time was required to evaluate and confirm whether the new designs would serve operational requirements.

The 2008 spending for SOGR projects was \$41.939 million or 70.0% of the SOGR approved funding of \$59.904 million.

Service Improvement projects represent 5.8% or \$3.463 million of the 2009 approved cash flow. As at December 31, \$2.804 million or 81.0% of the approved funding for *Service Improvement* projects was spent. The under-spending of \$0.659 million or 19.0% of the approved funding is due to the *Fuel Sites Closure/Upgrade* project and the *Fleet Fuel and Management Systems Integration* pilot project's completion time frame being extended into early 2010 due to some technical issues.

The 2008 spending for *Service Improvement* projects was \$1.903 million or 68.7% of the approved funding of \$2.772 million.

Information and Technology (I&T) spent \$40.669 million or 60.7% of its 2009 Approved Capital Budget of \$66.983 million. In the 3rd quarter 2009, the I&T Projects of Policy, Planning, Finance and Administration (PPFA) were transferred to Information and Technology. The combined spending rate above is comprised of 37.0% for PPFA projects, while the balance of I&T projects achieved 65.0%. The 2009 Approved Capital Budget also included an increase of \$7.015 million (from \$59.968 million to \$66.983 million) to enable the purchase of SAP licenses. The approval of this by Council required the Chief Information Officer (CIO) "*to identify under-spending in the I&T 2009 Approved Capital Budget in order to replenish the I&T Equipment Reserve*" used to fund the SAP licenses purchase. Of the total amount of \$26.314 million under-spent, \$7.015 million will be used to replenish the I&T Equipment Reserve, resulting in an imputed spend rate of 71.2%.

State of Good Repair projects represent 82.6% or \$55.342 million of the 2009 approved cash flow. As at December 31, 2009, \$36.146 million or 65.3% of the approved funding for SOGR projects was spent which is slightly less than 2008 spending rate of 71.4%. The key reasons for state of good repair projects under expenditures include:

- Resource constraints; a shortage of resources resulting from the hiring slowdown; the need to provide “in-kind” support to other high priority initiatives (311 Service Strategy, Automated Meter Reading and Elections Projects); technical and contractual issues with vendors; change in direction with initiatives, such as SAP, Web.Net Product Support; and the re-defining and re-planning of projects and their delivery approaches due to changes resulting from IT Transformation and Implementation relating to Quality Assurance and Change Management.

A small number of *Service Improvement* projects make up 17.4% of the 2009 approved cash flow. As of December 31, 2009, \$4.496 million or 38.6% of the 2009 approved cash flow funding of \$11.641 million for *Service Improvement* projects were spent.

- The *City of Toronto Telecommunications Infrastructure and Voice over Internet Protocol (COTTI/VoiP) Implementation* project was under-spent by \$0.904 million or 60.7% of the approved cash flow due to delay attributed to the RFP process. Contract negotiations are underway and are expected to be completed by mid 2010.
- The *MLS Enhanced Computer Technologies* project was under-spent by \$0.369 million or 67.1% of the 2009 approved cash flow due to project staffing vacancies and the software purchase not being completed in 2009 as planned.
- The *Integrated Business Management System (IBMS) Financial Management Enhancements* project was under-spent by \$1.072 million or 79.3% of the approved cash flow due to the project being redefined in 2009. One of its objectives, the migration of the Waste Enforcement system into IBMS & Records Classification System (RCS) was accomplished in 2009. Phase 2a of this project was re-initiated for 2010. It is expected that phases 1b, 2a, and possibly 2b will be completed in 2010 with the project's remaining activities planned for 2011.
- The *IBMS Integration* project was delayed due to scope and design issues. This project's scope was redefined and re-titled for 2010, as an all encompassing *Electronic Service Delivery* project, which also includes the digitalization of microfilm & microfiche.

Other City Programs

For the year-ended December 31, 2009, actual capital expenditures for Other City Programs totalled \$52.401 million or 54.6% of the 2009 Approved Capital Budget of \$95.962 million. Spending performance, including explanation of significant variances for Programs within this group is summarized below:

Other City Programs		
Corporate Preliminary Capital Variance Summary		
for the Year Ended December 31, 2009		
(\$ Million)		
	December 31, 2009	
	Over/(Under)	%
	\$	of Budget Spent
City Clerk's Office	(6.8)	61.5
Sustainable Energy Plan	(22.6)	30.0
Union Station	(13.9)	69.5
Radio Replacement Project	(0.2)	23.0
Sub-Total	(43.6)	54.6

City Clerk's Office spent \$10.815 million or 61.5% of its 2009 Approved Capital Budget of \$17.599 million.

State of Good Repair projects represent 38.2% or \$6.720 million of 2009 approved cash flow. As at December 31, 2009, 55.7% of the approved cash flow funding for SOGR was spent.

- The *Print Shop Retrofit* project represents 24.2% of the 2009 approved cash flow with a spending rate of 77.6%. The labour disruption in 2009 impacted the completion of this project which is now expected in first quarter 2010.
- The *Printing Equipment Replacement* project represents 8.5% of the 2009 approved cash flow. Two pieces of equipment were identified in fourth quarter 2009. Due to legal documentation required in regards to the used equipment purchase, the purchase of equipment was completed in January 2010. The delivery is expected to take place in February 2010 once the new print shop facility is completed and ready.

Service Improvement projects represent 2.8% of the 2009 Approved Capital Budget. The major projects in this category are the *Multi-Media and Production Services/Printing Workflow Management System* project. The original Request for Information has now been changed to a Request for Proposal, which is currently in development. This project is part of the joint partnership between City Planning and City Clerk's Office on Digital Asset Management. With the delay due to the labour disruption, this project is expected to be completed by third quarter 2010.

The majority of City Clerk's Office projects are *Legislated* projects, which represent 59.0% of the 2009 approved cash flow and 65.4% of the current year's total spending. As of December 31, 2009, 68.2% of the approved funding for *Legislated* projects was spent.

The Sustainable Energy Plan had expenditure of \$9.685 million or 30.0% of the 2009 Approved Capital Budget of \$32.279 million. All projects included in the Sustainable Energy Plan are *Service*

Improvement projects. By comparison, last years spending rate was 58.3%. The following projects are the principal causes for the under-expenditure:

- ***Toronto Energy Conservation Fund and Toronto Green Energy Fund – (Sustainable Energy Funds)*** - The year-end actual loan disbursements for 2009 are \$5.083 million or 23.2% of the 2009 approved cash flow of \$21.906 million. To date, the Program has received letters of commitment and applications for a total of approximately \$19.356 million. The spending rate is dependent on receiving loan applications for funding. A number of applications are in process and the review of a number of these applications resulted in a timing delay between commitment of funds and actual disbursement and unspent funds will be carried forward to 2010.
- ***Upgrades –City Facilities-*** The first phase of initiatives for the retrofit program in City Hall included a pilot project which is expected to be completed in early 2010. Implementation of the planned retrofit will commence after the pilot project conclusion, thus, \$1.912 million of the 2009 approved cash flow of \$2.500 million has not been spent and it will be carried forward to 2010.
- ***Energy Retrofit*** projects – A number of change requests were received in 2009 from clients altering the need at a number of facilities which included the cancellation of projects at Children Services and Public Health sites and the deferral of construction into 2010 for Solid Waste Management. This resulted in an under expenditures of \$1.611 million.

Union Station capital expenditure totalled \$31.829 million or 70% of its 2009 Approved Capital Budget of \$45.773 million.

State of Good Repair projects represent \$12.308 million or 27% of the 2009 approved cash flow with expenditures of \$10.695 million or 86.9%. The under-spending is primarily due to:

- The *Pedestrian Bridge* project was under-spent by \$1.305 million as a result of delays in receiving approval from Parks Canada and co-ordinating the project with the TTC.
- The *Copper Roof Repairs* project was under-spent by \$1.090 million. This project will be integrated into stage one of the construction plan in 2010.
- The *Terrazzo Flooring* project was under-spent by \$0.678 million, the *Structural* project was under-spent by \$1.472 million and the *Interior Finishing* project was under-spent by \$0.086 million. These projects were delayed so they could be integrated in with the *Revitalization and Redevelopment of Union Station* project.

Service Improvement project funding represents \$32.365 million or 71% of the 2009 approved cash flow with total expenditures of \$20.752 million or 64%. The under-spending is primarily due to:

- **The *Loading Dock* project is under-spent by \$2.040 million. This project was delayed due to the need to co-ordinate with GO Transit's work on the train tracks.**
- **The *Union Station Additional Security* project was under-spent by \$2.726 million and the *Revenue Enhancement* project which includes the excavation of a lower concourse to create new retail space was under-spent by \$5.251million. These projects were delayed so they could be coordinated with the *Revitalization and Redevelopment of Union Station* project.**

***Other Projects* represent \$1.100 million or 2% of the 2009 approved cash flow with total actual expenditures of \$0.383 million. Under-expenditures are primarily due to the *York Street Expansion Joint* projects that were delayed due to the co-ordination with GO Transit's work on the train tracks.**

***Radio Communication System Replacement Project* had spending of \$0.071 million or 23% of the 2009 Approved Capital Budget of \$0.312 million. The Radio Communications System Replacement Project is currently in the system design stage. Spending in 2009 was mainly attributed to external training at Motorola, site preparation, design of coverage analysis databases and a fairness consultant to oversee procurement and work on release of an RFP. Under-spending in 2009 was driven by delayed hiring of a Project Manager and the temporary shortage of key technical staff. Both staffing issues should be resolved in the first half of 2010 with a final RFP to be released by mid 2011. \$0.230 million will be carried forward into 2010 and includes funding for a Project Manager who is expected to be hired in the first quarter of 2010.**

Agencies, Boards and Commissions (ABCs)

For the year-ended December 31, 2009, actual capital expenditures for Agencies, Boards and Commissions totalled \$902.442 million or 68.0% of the collective 2009 Approved Capital Budget of \$1.328 billion. Spending performance, including explanations of significant variances for individual ABCs is summarized below:

Agencies, Boards and Commissions Corporate Preliminary Capital Variance Summary for the Year Ended December 31, 2009 (\$ Million)		
	December 31, 2009	
	Over/(Under)	%
	\$	of Budget Spent
Exhibition Place	(21.9)	63.4
Go Transit	0.0	100.0
Toronto And Region Conservation Authority	0.0	100.0
Toronto Police Service	(12.4)	75.8
Toronto Port Authority	0.0	100.0
Toronto Public Health	(1.7)	69.4
Toronto Public Library	(2.6)	87.6
Toronto Transit Commission	(360.9)	67.9
Yonge-Dundas Square	(0.2)	20.9
Toronto Zoo	(5.7)	48.1
Sony Centre (Hummingbird)	(20.0)	19.9
Sub-Total	(425.3)	68.0

Exhibition Place spent \$37.896 million or 63.4% of its 2009 Approved Capital Budget of \$59.788 million. Under-spending of \$21.891 million is mainly attributed to delays in securing contract agreements for third party funding for the *Green Energy Initiatives* project totalling \$17.915 million which Exhibition Place will continue to negotiate, and delays in receipt of funding for *Infrastructure Stimulus Funding* projects totalling \$3.976 million.

Exhibition Place spent \$17.817 million or 67.4% of the 2009 approved cash flow for *State of Good Repair* projects of \$24.429 million. The year-end spending is lower than the 2008 rate of 70.9% (\$3.008 million) due to the *Green Energy Initiatives* projects and the *Infrastructure Stimulus Funding* delays.

The Go Transit 2009 Approved Capital Budget of \$20.000 million represents the City's contribution toward GO Transit growth capital expenditures which was 100% paid.

Toronto and Region Conservation Authority (TRCA) received \$6.268 million or 100% of its 2009 Approved Capital Budget from the City of Toronto.

State of Good Repair projects represent 94.3% or \$5.913 million of the 2009 approved cash flow. As at December 31, 2009 100% of the 2009 approved cash flow funding for SOGR projects was spent. The spending rate for 2008 was also 100%.

The most significant projects in this category include:

- *Waterfront & Valley Erosion Control* projects which represent 24.5% of the 2009 approved cash flow. As at December 31, 2009, 100% of the 2009 approved cash flow funding is spent.
- The *Toronto Remediation Plan* projects represent 34.6% of the 2009 approved cash flow funding. As at December 31, 2009, 100% of the 2009 approved cash flow funding is spent.
- *Waterfront Development* projects represent 15.7% of the 2009 approved Cash flow. As at December 31, 2009, 100% of the 2009 approved cash flow funding is spent.

Service Improvement project funding represents 5.7% or \$0.355 million of the 2009 Approved Capital Budget. As at December 31, 2009, 100% of the approved funding for service improvement projects is spent.

Toronto Police Service spent \$38.917 million or 76.7% of its 2009 Approved Capital Budget of \$51.331 million. The 2009 variance is below 2008 spending, which was at 88.6% by year end.

State of Good Repair (SOGR) projects represent 86.0% or \$44.158 million of the 2009 approved cash flow. The Police Service is reporting preliminary year-end spending of \$34.729 million or 78.6% of their SOGR cash flow funding.

- **The preliminary year-end variance of \$9.429 million for SOGR projects is primarily due to \$7.061 million in unspent funds for the *Workstation, Laptop and Printer – Lifecycle Plan* projects, due to lower than anticipated costs and extended useful life for existing equipment. Unspent funds not required by the Toronto Police Services will be returned to the City**
- ***Service Improvement* projects represent 14.1% or \$7.174 million of the 2009 approved cash flow. The Police Service is reporting preliminary year-end spending of \$4.188 million or 58.4% for these projects.**
 - **The preliminary year-end variance of \$2.985 million for *Service Improvement* projects is primarily due to \$1.480 million in unspent funds for the *In Car Camera* project. These unspent funds will be carried forward into 2010 to ensure the cameras are purchased closer to the planned installation date. The complete project remains on budget and schedule.**

Toronto Public Health (TPH) spent \$3.934 million or 69.4% of its 2009 Approved Capital Budget of \$5.670 million. The under-spending of \$1.736 million is attributed to the following *Legislated and Service Improvement* projects:

- Two capital projects, the *PHIPA (Personal Health Information Protection Act) System Compliance* and the *Healthy Families / Healthy Living (HF/HL) Mandatory Management Reporting* projects were completed in 2009 with savings of \$0.004 million.
- Six capital projects were delayed resulting in \$1.732 million in funding being carried forward into 2010:

- Delay caused by re-issuing a revised Request For Proposal (RFP) as the original RFP was issued but not awarded because cost estimates significantly exceeded the budget for the *Dental Strategy and Implementation* project (\$0.512 million)
- Dependency on Toronto Building's e-Service capital project and the new corporate requirement to perform an architecture review has delayed work on the *Healthy Environment Inspection System* project (\$0.609 million)
- Redeployment of resources to respond to the Province wide H1N1 planning has delayed the implementation of the *Health e-Service* project (\$0.149 million)
- Change in provincial timelines and temporary reallocation of resources to the Province wide H1N1 planning has delayed the implementation of the *Public Health Surveillance and Management System* project (\$0.174 million)
- Increased time required to analyze and design the solution prior to the development of the system will defer the implementation of server infrastructure to 2010 for the *Healthy Environment (HE) Reporting* project (\$0.145 million)
- Ongoing negotiations with Environment Canada to use their environmental system as part of an integrated solution resulted in the deferral of deliverables until 2010 for the *Environmental Reporting Disclosure and Innovation* project (\$0.143 million)

Toronto Public Library (TPL) spent \$18.617 million or 87.6% of its 2009 Approved Capital Budget of \$21.231 million. This spending rate is consistent with the level of expenditure in prior years. The under-expenditure is primarily due to the following:

- The six renovation projects partially funded by Federal Infrastructure funds are progressing according to plan. However, as these projects were not approved until fall of 2009, an unspent balance of \$0.617 million will be carried forward to 2010;
- The installation of *Self Service Check-Outs* is processing according to plan, although this project did experience timing delays due to the equipment delivery delay in early 2009. An unspent balance of \$0.452 million will be carried forward to 2010;
- Once a site was identified for the construction of the new *Scarborough Centre Neighbourhood library*, an architect was selected and has commenced the design process. The 2009 unspent balance of \$0.086 will be carried forward to 2010; and,
- The *St. Lawrence Neighbourhood Library Relocation* project is at the early planning stages in conjunction with Waterfront Toronto, with a projected completion in 2017. A feasibility study is currently underway and the unspent balance of \$0.026 million will be carried forward to 2010.

TPL's *State of Good Repair* (SOGR) projects comprise \$20.931 million or 98.6% of the 2009 approved cash flow of \$21.231 million. SOGR actual expenditures for the 12 months ended December 31, 2009 total \$18.6 million or 88.9% of the 2009 approved cash flow for SOGR projects. The current spending rate of 88.9% shows improvement over the same period in 2008 of 86.62%.

Toronto Transit Commission (TTC) spent \$764.852 million or 67.9 % of its 2009 Approved Capital Budget of \$1.129 billion which includes 2008 funding carried forward in the amount of \$178.549 million as well as *Toronto York Spadina Subway Extension* project and *Transit City* projects cash flow funding.

- *State of Good Repair* (SOGR) projects represent 61.8% or \$698.037 million of the 2009 Approved Capital Budget. As of December 31, 2009, 79.4% or \$554.089 million of the approved funding for SOGR projects was spent. Significant SOGR projects include:
 - The *Subway Track Work* project, which is predominately SOGR work, is \$8.984 million under budget (SOGR portion only) due to the deferral of special trackwork – full turnouts, installation of crossovers for the Yonge-University Subway re-signalling and Bloor-Danforth Subway track replacement.
 - The *Intelligent transportation systems* project, which is also predominantly SOGR work, is \$11.804 million over budget (SOGR portion only) as work on the Customer Information System is increasing in scope.
 - The *Purchase of Subway Cars* project is \$12.671 million under budget due to the deferral of various milestones to 2010, including completion and delivery of the cab simulator.
 - The *Purchase of Streetcars* project is \$46.419 million under budget due to the deferral of milestones including completion of the Conceptual Design Review and because of changes to the payment schedule based on a later than expected contract award.
 - The *Signal Systems* project is \$29.541 million under budget due to the contract for the Computer-Based Interlocking signal system being awarded later in the year than planned and at a lower than anticipated cost. As well, the Continuous Speed Control contract milestones were deferred to 2010.
 - The *Bridges and Tunnels* project is \$13.474 million under budget as a result of the *Structure Rehabilitation Program* being deferred since the specifications took longer than anticipated because of the complexity of the work and the lack of available resources. As well, the joint City/TTC maintenance was deferred to future years based on a revised schedule.
- **Non SOGR TTC projects represent 38.2% or \$430.703 million of the 2009 approved cash flow. As of December 31, 2009, 48.9% or \$210.763 million of the approved cash flow funding for these projects was spent.**

- The *Spadina Subway Extension* project was \$36.543 million under budget due the deferral of engineering work and acquisition of property.
- *Transit City* project was is \$119.420 million under budget due to deferral of work to future years, pending on-going discussions with Metrolinx.

Yonge/Dundas Square (YDS) spent \$0.041 million or 20.9% of its Board 2009 Approved Capital Budget. The under-spending is mainly due to the following:

- The *Steel Grating Replacement* project has changed in scope and was completed in 2009 at a significantly lower cost, resulting in savings of \$0.081 million. A less expensive solution was implemented (the use of rubber matting) instead of the proposed replacement of the steel grating.
- The *Structural/Mechanical Upgrades* project is a 2-year *State of Good Repair* project. The 2009 approved budget of \$0.050 million for engineering and technical design work was 53.4% spent, with the balance of \$0.023 million of technical work to be completed in 2010.
- The ISF project to *Construct a Permanent Storage Facility* on the eastern edge of the Square was approved in fourth quarter 2009. The project began immediately upon approval with architectural design, technical drawings and engineering work underway. No actual costs were reported against the 2009 approved budget of \$0.050 million. This ISF project is expected to be completed by 2010 year-end.

Toronto Zoo spent \$5.284 million or 48.1% of its 2009 Approved Capital Budget of \$10.984 million. The under-spending is mainly due to the following projects.

- The *North Zoo Site-Canadian Wilderness* project is under-spent by \$1.918 million due to the delay in the *Tundra Trek* project completion in 2009, which delayed the design of the Canadian Wilderness.
- The *Africa Pavilion* project construction was also rescheduled to begin after completion of the *Tundra Trek* project and has delayed the following *African Pavilion* sub-projects and resulted in under-spending:
 - The *Exhibit Refurbishing* project is under-spent by \$0.488 million;
 - The *Building & Services Refurbishment* project is under-spent by \$0.650 million;
 - The *Storm/sanitary/water/lighting improvements* project is under-spent by \$0.507 million
- *Korean Gardens* project is under-spent by \$0.421 million due to delay in receiving external funding;
- *Elephant-Winter Holding/Paddock* project is under-spent by \$0.731 million due to delay in receiving external funding;
- *Grounds and Visitor Improvements* project is under-spent by \$0.329 million due to delays in Splash Island washroom tenders and delays in front entrance signage.

As at December 31, 2009, the Program spent \$1.413 million or 35% of the \$4.042 million approved cash flow for *State of Good Repair* projects. The spending rate in 2008 was 69%. The projected year-end SOGR under-spending is mainly due to the rescheduling of African Pavilion construction (\$1.649 million).

Sony Centre for the Performing Arts spent \$4.949 million or 19.9% of its 2009 Approved Capital Budget of \$24.904 million. The under-spending is attributed to delays in closing the real estate agreement with the condominium developer on the Sony Centre site. The agreement with the developer, which closed in October 2009, provided funding for the Centre's *Redevelopment* project, which is expected to be completed in fall 2010.

Rate Supported Programs

For the year-ended December 31, 2009, Rate Supported Programs' actual expenditures totalled \$551.688 million or 90.6% of their 2009 Approved Capital Budget of \$609.025 million. Spending performance, including explanations of significant variances within this group is summarized below:

Rate Supported Programs		
Corporate Preliminary Capital Variance Summary		
for the Year Ended December 31, 2009		
(\$ Million)		
December 31, 2009		
	Over/(Under)	%
	\$	of Budget Spent
Toronto Water	7.0	101.4
Toronto Parking Authority	(22.1)	27.6
Solid Waste Management Services	(42.2)	40.6
Sub-Total	(64.3)	90.6

Toronto Water spent \$514.409 million or 101.4% of its 2009 Approved Capital Budget of \$507.419 million. The high year-end spending rate for 2009 was driven by the acceleration of large multi-year capital projects, such as the *Horgan Water Treatment Plant Expansion* project and expansions of the *Milliken Reservoir and Pumping Station* project and *Dufferin Reservoir* project. In addition, favourable weather conditions at the end of 2009 allowed for construction on a number of watermain and sewer projects that was scheduled for early 2010 to be accelerated by several weeks into 2009. This enabled Toronto Water to achieve a *State of Good Repair* investment of \$292.209 million, representing a 30% increase over 2008 spending. A report will be forthcoming to the next regular Budget Committee meeting seeking approval for the adjustments necessary to accommodate this level of expenditure.

Toronto Parking Authority (TPA) spent \$8.403 million or 28% of its 2009 Approved Capital Budget of \$30.495 million. The under-spending resulted from a combination of factors, which included:

- Delays arising from the unavailability of appropriate sites.
- Delays due to on-going negotiations for identified sites.
- Projects cancelled because of a low probability of finding an appropriate site.

State of Good Repair projects represent 22% or \$6.845 million of the 2009 approved cash flow. The Toronto Parking Authority reported a spending rate of 35% or \$2.415 million during 2009 which compares to 45% or \$2.273 million in 2008.

Heath and Safety projects represent 8% or \$2.500 million of the 2009 approved cash flow and account for 12% or \$0.306 million in spending. The spending rate for *Heath and Safety* projects in 2008 was 1% or \$0.006 million.

Service Improvement project funding is 54% or \$16.350 million of the 2009 approved cash flow. The Toronto Parking Authority spent 34% or \$5.495 million of the 2009 approved cash flow allocated to this category compared to a 2008 level of 39% or \$2.529 million.

Growth projects account for 16% or \$4.800 million of the 2009 approved cash flow. The Toronto Parking Authority reported a spending rate of 4% or \$0.187 million for 2009. The spending rate for *Growth* projects in 2008 was 21% or \$3.090 million.

Solid Waste Management Services spent \$28.877 million or 40.6% of its 2009 Approved Capital Budget of \$71.111 million.

State of Good Repair projects (SOGR) represent \$16.585 million or 23% of the 2009 approved cash flow. As of December 31st, 53% of the approved funding for SOGR projects was spent compared to the 2008 spending rate of 56%. Significant SOGR projects which were under-spent at year-end are as follows:

- *Residential Collection* project (includes projects for *Townhouse Collection, Routing Application, Laneway Sweepers and Collection Yard Asset Management*) projects had spending of \$1.872 million or 26% of the 2009 approved cash flow of \$7.140 million. The 2008 spending rate for the Residential Collection projects was 49%. The collection yard projects were 68% under-spent in 2009 with \$4.9 million recommended to be carried forward from 2009 to 2010. This is mainly due to delayed renovation work on the Bermondsey Yard caused by the recent municipal labour disruption.
- ***Transfer Station Asset Management* projects had expenditure of \$6.864 million or 78% of the 2009 approved cash flow of \$8.845 million. The majority of under-spending of \$1.981 million was primarily for the *Dufferin* (\$0.345 million), *Scarborough* (\$0.729 million) and *Disco* (\$0.809 million) *Transfer Stations* projects. The *Dufferin Staff Facilities* project and the *Scarborough Waste Bunker* project were under-spent due to planning and vendor delays. The *Disco Transfer Station* project, which represents \$0.983 million or 11% of the 2009 approved cash flow was under-spent due to the labour disruption. Planned work on the storm sewers, yard waste bunker and resurfacing will continue into 2010. \$1.662**

million is recommended to be carried forward from 2009 to 2010 for these Transfer Station projects.

Service Improvement projects had expenditure of \$10.346 million or 33% of the 2009 approved cash flow of \$31.255 million for *Diversions Facilities* projects in order to increase waste diversion such as reuse centres, recycling, organics and single stream processing facilities, organics and recycling containers as well as projects for the collection of durable goods. The 2008 spending rate was 89%. Significant *Service Improvement* projects which are under-spent at year-end are as follows:

- Delay of the design, build and operate contract award for the *Dufferin-Disco SSO Processing Facility* resulted in under-spending of \$12.772 million in 2009. This represents 92% of the approved 2009 cash flow of \$13.9 million. On February 22 and 23, 2010, City Council adopted the staff report authorizing the General Manager, Solid Waste Management Services, to finalize negotiations and execute a sole source agreement with AECOM Canada Ltd to complete this facility. An additional \$3.871 million is recommended to be carried forward from 2009 to 2010.
- Funding of \$3.500 million for *Reuse Centres* project remained unspent in 2009 as the selection of sites was not completed. This capital funding is meant for leasehold improvements, construction and equipment. An additional \$2.161 million is recommended to be carried forward from 2009 to 2010.
- The *Recycling Upgrades for Multi-Units* project actual expenditure was \$1.035 million or 30% of the 2009 approved cash flow of \$3.365 million. The under spending is attributable to lower than estimated demand and unit cost. Completed project implementation has been delayed until 2011. An additional \$1.1 million is recommended to be carried forward from 2009 to 2010.

Legislated projects had expenditure of \$9.795 million or 42% of the 2009 approved cash flow of \$23.271 million. These projects include expenditures on landfills including *Green Lane* projects and the *Perpetual Care Of Old Landfills* project. *Green Lane* projects are 35% spent as of year-end. Under spending of \$8.9 million on these projects is driven mainly by *Buffer Land Acquisition* project (\$2.8 million) and *Cell Development and Systems* project (\$5.8 million). *Buffer Land* acquisition has not proceeded as quickly as expected with fewer properties available for sale. No funding is planned to be carried forward as the project cost for land acquisition was approved in 2008. 2010 requirements will be met by previously committed funding. New cell excavation and base construction, which started in May 2009, was delayed due to a construction issues with the contractor. A staff report is forthcoming. This delay has also impacted control system development. Of the \$5.8 million unspent on cell development and systems, an additional \$2.703 million is recommended to be carried forward from 2009 to 2010.

ISF (Infrastructure Stimulus Fund) projects have had expenditure of \$0.503 million or 31% of the 2009 approved cash flow of \$1.600 million. Spending for the *Leachate Control System* project at *Green Lane* with 2009 approved cash flow of \$1.0 million is 50% spent and is on-going. The *Collection Yards* project with a 2009 approved cash flow of \$0.6 million did not start in 2009 as

infrastructure funding was secured late in the year and delayed planning. These projects will be substantially spent in 2010 as \$1.097 million is recommended to be carried forward from 2009 to 2010.

Technical and In-year Budget Adjustments (see Appendix 2)

As detailed in Appendix 2 technical and in –year budget adjustment are requested by various Programs, Agencies, Boards and Commissions. These adjustments are required to accommodate increase in the estimated costs, to allow for the timely completion of project installation, to allow the most efficient use of the funding and to accommodate change in the funding sources.

Additional Carry Forwards (see Appendices 3.1 & 3.2)

The City's Carry Forward Policy permits City Programs, Agencies, Boards and Commissions to adjust their prior year carry forward requirements based on updated information. Appendices 3.1 and 3.2 detail additional 2009 and 2008 carry forward funding for City Program's and ABC's projects.

2009 carry forward funding in the total amount of \$180.326 million is requested by various Programs, Agencies, Boards and Commissions to continue work on 2009 approved capital projects. It is noted that reductions included in Appendix 3.1 are to correct overstated carry forward funding estimates already included in the 2010 Council Approved Capital Budget.

Additional 2008 and prior years' carry forward funding of \$17.445 million with no incremental increase on debt, is required by the Sustainable Energy Program, Fleet Services, Toronto Police Service, Toronto Employment and Social Services and Solid Waste Management as detailed in Appendix 3.2. In accordance with the City's Carry Forward Policy, carry forward funding for projects approved two or more years earlier, have been treated as new; and to ensure that the approved debt limits for 2010 were not exceeded, other approved capital projects were appropriately adjusted.

Capital Projects Recommended for Closure (see Appendix 4)

The City's Financial Control By-Law requires that completed or inactive projects be closed in a timely manner. Appendix 4 details completed projects for various City Programs, Agencies, Boards and Commissions. Uncommitted funds from under-spent completed projects will be utilized to fund overspent completed projects with no incremental impact on debt, after which any remaining unspent funds are returned to the original funding source.

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SIGNATURE

Cam Weldon
Deputy City Manager and Chief Financial Officer

ATTACHMENTS

- Appendix 1 - Consolidated Capital Variance Report for the Quarter Ended December 31, 2009
- Appendix 1.1 - Consolidated Capital Variance Report for the Quarter Ended September 30, 2009 - SOGR
- Appendix 2 - Budget and Technical Adjustments for Quarter Ended December 31, 2009
- Appendix 3.1 - 2009 Carry Forwards Funding Adjustments
- Appendix 3.2 - 2008 Carry Forwards Funding Adjustments
- Appendix 4 - Capital Projects Recommended for Closure