

February 8, 2011

Councillor Mike Del Grande
Chair – City Budget Committee
City of Toronto
City Hall, 2nd Floor Suite A1
100 Queen Street West
Toronto, Ontario
M5H 2N2

Dear Councillor Del Grande:

Re: TTC 2011 Budgets

As has been discussed in our various review sessions and as outlined in the City Analyst notes for the 2011 budgets, the TTC has been requested to provide information and a response to the Budget Committee for its February 10th wrap up. This letter and the attachments are intended to provide you with a status update on these matters.

2011 Operating Budget

Please refer to the attached memo dated February 1, 2011 from the Chief General Manager which outlines the action taken on the TTC operating budget. The Commission confirmed its support for this action at a Special Commission meeting held on February 7, 2011 (Appendix A).

2011 Capital Budget and 2011-2020 Capital Plan

TTC Staff were requested to report back to the Budget Committee at its final wrap up meeting on February 10, 2011 to confirm that the most appropriate projects have been recommended within the debt limit of \$2.129 billion and on the associated funding sources under eligible Federal and Provincial program funding.

TTC staff have reviewed the listing of project cashflows and commitments as addressed under the \$3.047 billion (per attached listing) within the available City debt target of \$2.129 billion. We can confirm that this application of budget and future cashflow commitments is consistent with the TTC 2011-2020 capital priorities and plans and will allow the capital priority work to proceed. No changes are requested to the submitted budget requests, at this time. However, TTC staff have met to review the planned large contract commitments in 2011 and 2012 and have identified certain project initiatives which will be deferred in the short term. The detailed listing of project contracts considered in this exercise is attached as Appendix B noting that those marked with an “*” are being put on hold pending clarification of additional funding to address the funding shortfall.

This will result in short term constraints on capital activities that will enable staff to take appropriate

action if necessary to reduce 2012 and future year expenditures, pending the result of discussions with senior levels of government on funding packages and options for addressing the current \$2.3 billion budget shortfall. The funding shortfall (as outlined on the attached appendix) represents the currently known funding programs and available funds from specific purpose reserves which are available for TTC capital expenditure needs. As has been identified previously, the primary element of this ongoing funding is provided by the Federal and Provincial governments through Gas Tax Allocation programs which are not project specific and which are attributed to projects based on actual annual expenditure results, with as much consistency in projects as possible. Action on the current funding shortfall will also include a review by City Finance staff to evaluate alternative funding options to offset any future increased City debt requirements. TTC staff will be reporting back mid-year on the outcome of discussions with the senior levels of government and on any actions necessary to address the resulting capital funding shortfalls, including impacts on transit service in Toronto.

TTC staff were further requested to report back to Executive Committee through the Budget Committee during 2011 on the matters of Transportation City transit lines funding, and on Platform Edge Doors and the POP system/Farecard projects. Staff will take appropriate action in these matters and report back through the Commission and the Budget Committee at the earliest opportunity.

Ashbridges Bay

At the Budget Committee meeting of January 24, 2011 several motions pertaining to the Ashbridges Bay Maintenance Facility were forwarded to the TTC, with a request to report back. At its meeting of February 2, 2011, the Commission considered these motions along with the matter deferred from its January 12, 2011 meeting and authorized award of the soil removal contract.

We would be pleased to answer any further questions that you may have.

Sincerely,

Original signed by

Gary Webster
Chief General Manager

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Attachments

Copy: TTC Chair Karen Stintz