

2012 CAPITAL BUDGET BRIEFING NOTE

Reduction in Transportation Services 2012 Recommended Capital Budget

Issue/Background:

The Budget Committee, at its meeting of December 6, 2011, in considering the 2012 Recommended Capital and Operating Budgets, requested the following:

That the General Manager, Transportation Service, provide a Briefing Note on the list of projects deferred as a result of a \$16 million reduction in the 2012 capital plan from the 2011 Approved Capital Plan".

By way of clarification, the total gross expenditure projection for 2012 in the 2011 Approved Capital Plan was \$215,943,000 as identified in the table on Page 5 of the Budget Analyst Notes. The recommended 2012 total gross expenditure is \$198,865,000, also shown in the table, which is a reduction of \$17.078 million (not \$16 million) from the 2011 Approved Capital Plan.

Key Points:

- The table on Page 7 of the Budget Analyst Notes identifies the changes to each of the specific programs in the Transportation Services Recommended Capital Budget resulting in the \$17.078 million reduction. The breakdown by project type is summarized below:

Project Type	Category	Increase / (Decrease) (\$ 000's)	Deferral to Future Years
Roads and Structures	State of Good Repair	\$ 1,921	No
Traffic Management	Service Improvement	\$4,964	No
Infrastructure Enhancements	Other (Growth Related)	(\$ 23,963)	Yes
Total	-----	(\$ 17.078)	-----

- As indicated in the above table, the State of Good Repair program for roads and structures and service improvements related to the traffic management system have actually increased by a combined \$6.885 million (compared to the projection for 2012 in the approved 2011 Plan).

- The decrease in the 2012 project cost for Infrastructure Enhancement projects is \$23.963 million (as compared to the projection for 2012 in the approved 2011 Plan). The primary differences are attributable to the following:
 - A deferral (and not a reduction/elimination) in the amount of \$6.79M for the Scarlett/Dundas bridge rehabilitation project, by one year. This deferral is necessary because Council approval is required for modifications to the scope of the previously approved design. A staff report recommending approval of the revised design will be submitted in 2012.
 - A deferral (and not a reduction/elimination) in the amount of \$2.80M for the Morningside Avenue Extension project, by one year. This deferral is necessary because the Region of York has not yet received MOE approval of their Environmental Assessment for the extension of Donald Cousens Parkway. The Morningside Extension forms the southern component of the extension of the Donald Cousens Parkway and, as a result, EA approval is first required before proceeding with the design and construction.
 - A \$10M reduction in the "Various Construction Projects" program which is comprised primarily of TTC-related projects (e.g. streetcar track replacement). This is a fully recoverable program where all TTC state of good repair track rehabilitation is carried-out by City managed contracts. The TTC provides 100% funding to Transportation for a resultant zero net cost to the Division. TTC capital program has been reduced by \$10M as a result of a shift to localized intersection improvements yielding lower project costs.

Questions & Answers:

1. What projects have been deferred because of the \$17M reduction in the 2012 Capital Plan?

There have been no projects deferred because of any imposed budget reduction. Instead some major growth-related projects (specifically the Scarlett/Dundas bridge rehabilitation and the Morningside Avenue Extension) are required to be deferred to future years because further approval is required before staff can proceed with the design and construction of these facilities. These deferrals have provided an opportunity to reduce the recommended 2012 Capital Plan (when compared to the 2011 Approved Capital Plan) to some extent, as well as to reallocate funds to other programs.

2. Have the number of planned State of Good Repair type projects decreased in 2012?

No – The State of Good Repair budget has actually been increased by almost \$2M because of the deferral of the growth-related projects and to deal with the increase in rehabilitation needs which is required as a result of road and bridge infrastructure reaching the end of its useful life. These changes to the budget are within the fixed debt targets provided.

3. Are all Infrastructure Enhancement projects funded by Transportation Services?

No – The TTC, for example, provides full funding to the Transportation Services for it to carry-out track repairs on behalf of the TTC. These types of projects represent a zero net cost to the Division. These funds, however, are reflected in the gross budget figures for Transportation Services.

4. What are the reductions in the 2012 project costs on a 'net cost' basis?

The table on page 7 of the Analyst Notes highlights changes to the capital plan on a gross dollar basis. Because most of the changes relate to projects that are funded by third parties, the net reduction to the plan is only \$1.706 million.

Prepared by: John Mende, Director, Transportation Infrastructure Management,
392-5348, jmende@toronto.ca

Joseph Condarcu, Manager, Infrastructure Asset Management,
392-3964, jcondarc@toronto.ca

Further information: Gary Welsh, General Manager, Transportation Services,
392-8341, welsh@toronto.ca

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