

**Capital Variance Report
for the Nine Months Period Ended September 30, 2010**

Significant Variance Explanation

Citizen Centred Services "A"

For the nine months ended September 30, 2010, actual capital expenditures for this cluster totalled \$58.274 million or 25.3% of the 2010 Approved Capital Budget of \$230.576 million. Spending is expected to increase to \$155.624 million or 67.5% by year-end. As shown in the table below, four Programs project capital expenditures to December 31, 2010 in excess of 70% of their 2010 Approved Capital Budget.

Citizen Centred Services "A" Capital Variance Summary for the Nine Months Ended September 30, 2010 (\$ Million)				
	September 30, 2010		Projected 2010 Year-End Spending	
	Over/(Under) \$	% of Budget Spent	Over/(Under) \$	% of Budget Spent
311 Customer Service Strategy	(4.7)	45.8	(3.4)	61.2
Children's Services	(14.8)	22.9	(7.0)	63.5
Court Services	(0.4)	0.0	0.0	100.0
Economic Development & Tourism	(21.3)	22.6	(10.4)	62.2
Emergency Medical Services	(14.7)	15.7	(3.6)	79.1
LTCHS (Homes for the Aged)	(15.8)	12.4	(9.6)	46.8
Parks, Forestry & Recreation	(90.1)	26.7	(33.2)	73.0
Shelter, Support and Housing Administration	(4.3)	38.4	(2.0)	71.6
Toronto Employment and Social Services	(6.2)	33.6	(4.5)	51.5
Total	(172.3)	25.3	(73.7)	68.0

Children Services (CS) spent \$4.412 million or 22.9% of its 2010 Approved Capital Budget of \$19.260 million; and projects spending of \$12.221 million or 63.5% of the 2010 Approved Capital Budget by year-end. The under-spending is primarily due to the *Health and Safety Playground* project with 2010 cash flow of \$5 million, which is entirely unspent to date. This project is under review due to the introduction of the Provincial Early Learning Program.

Economic Development and Culture spent \$6.192 million or 22.6% of its 2010 Approved Capital Budget of \$27.451 million during the first nine months of 2010; and projects spending of \$17.080 million or 62.2% by year-end. The projected year-end under-spending is mainly due to the following projects:

- *Fort York Visitor Centre* project (\$5.383 million) has been delayed as a result of the complexity of the purchasing process involved in a two- stage competition for the Visitor Centre

- The *Guild Revitalization* project (\$0.940 million) has been delayed due to protracted negotiation with the investment partner. A Letter of Intent was signed last year and the City is waiting for the next draft of the partner's proposal
- *Alumnae Theatre Roof* project (\$0.304 million) – Responses to the tender requesting separate pricing for slate and asphalt roofing were received too late for completion in 2010. Since roofing is seasonal work the project is deferred to 2011.

Parks, Forestry and Recreation (PF&R) spent \$32.912 million or 26.7% of its 2010 Approved Capital Budget of \$123.042 million during the first nine months of 2010; and projects spending of \$88.610 million or 72.0% by year-end. The projected year-end under-spending is mainly due to the following projects:

- *Park Development* projects will be under spent by \$7.183 million as various sites such as Regent, West Queen West, Ward 16 and June Callwood are not ready for handover. The Dogs-Off-Leash sub-project has been delayed due to extended community consultation and the Graydon Hall scope has not been finalized.
- *Community Centres* projects have been delayed as approvals for York Community Centre are taking longer than expected; Railway Lands Community Centre are still in negotiation, and divisional security projects will not be completed by year-end resulting in \$7.104 million under-spending.
- *Special Facilities* project has been delayed because ferry vessels required additional design work to comply with flooding requirements; extensive approval processes required for Seawall rehabilitation; High Park Children's Garden had to be re-tendered; Cornell Campbell House was subject to additional approvals by heritage; and various CAMP projects will not be complete by year-end resulting in \$6.222 million under-spending.
- *Land Acquisition* project will be under spent by \$3.304 million primarily because the Grand Manitoba acquisition will not close before year-end.
- *Outdoor Recreation Centre* project will be under spent by \$2.0 million because the Beaches volleyball lease was terminated; the site for the Wallace Emerson BMX has not been finalized; and the Stan Wadlow lighting donation has not been received.

Long-Term Care Homes & Services (LTCHS) spent \$2.225 million or 12.4 % of its 2010 Approved Capital Budget of \$17.996 million; and projects spending of \$8.416 million or 46.8% by year-end. The under-spending is primarily due to the Ministry of Health and Long-Term Care delaying its long-term care home capital renewal schedule, thereby impacting the *Kipling Acres Redevelopment* project. While demolition and construction of Kipling Acres were expected to begin in the Fall of 2010, they are now expected to commence in early 2011. However, an architect has been retained and the project is in the design phase.

Toronto Employment & Social Services (TESS) spent \$3.141 million or 33.6% of its 2010 Approved Capital Budget of \$9.341 million during the first nine months of 2010; and projects spending of \$4.808 million or 51.5% by year-end. The under-spending is primarily due to the *WAYS - Phase 2 and 3* projects that will not proceed as the Province will be developing a new Provincial Ontario Works delivery system. The TESS facility project at Metro hall – 27th Floor will not proceed as the anticipated space is no longer available. A request to close these projects and to return the funding to the original source will be incorporated in the year-end capital variance report.

Citizen Centred Services “B”

For the nine months ended September 30, 2010, actual capital expenditures for Cluster 'B' totalled \$167.368 million or 29.6% of the 2010 Approved Capital Budget of \$566.299 million. Capital spending for Citizen Centred Services “B” is expected to increase to \$395.859 million or 69.9% of the 2010 Approved Capital Budget by year-end. As shown in the table below, projected under-spending at year-end is estimated at \$170.4 million, predominantly attributed to Transportation Services and the Waterfront Revitalization Initiative.

Citizen Centred Services "B"				
Corporate Nine Months Capital Variance Summary				
for the Period Ended September 30, 2010				
(\$ Million)				
	September 30, 2010		Projected 2010 Year-End	
	Over/(Under)	% of Budget	Over/(Under)	%
	\$	Spent	\$	of Budget Spent
City Planning	(5.4)	30.2	(2.3)	69.5
Fire Services	(5.6)	27.3	(1.2)	84.8
Transportation Services	(293.3)	32.4	(102.8)	76.3
Waterfront Revitalisation Initiative	(94.7)	19.2	(64.2)	45.3
Sub-Total	(398.9)	29.6	(170.4)	69.9

Transportation Services capital expenditure for the nine months ended September 30, 2010 totalled \$140.401 million or 32.4% of its 2010 Approved Capital Budget of \$433.663 million; and projects spending of \$330.893 million or 76.3% by year-end. Most of the under-spending is attributable to projects that require third party coordination and/or funding. The projected spending rate includes deferral of projects due to minor unanticipated delays in implementation. Contract awards for reconstruction, repair and resurfacing of various arterial and local roads and rehabilitation of bridges have been awarded and work is under way.

The Waterfront Revitalization Initiative’s capital expenditures for the nine month period ended September 30, 2010 totalled \$22.552 million or 19.2 % of the 2010 Approved Capital Budget of \$117.284 million; and projected spending at year-end is \$53.124 million or 45.3%. The projected year end variance of \$64.160 million is partly due to front-loading of some initiatives in 2010 to ensure that Federal Government funding is invested and fully spent prior to the Federal Government sunset date of March 31, 2011.

As a result, the City's funding for Waterfront Revitalization projects is not distributed to Waterfront Toronto resulting in under-expenditure.

Delays are also being experienced in the implementation of the *West Don Lands Precinct* project. This is due to a longer time frame for site remediation and flood protection construction than originally planned. The *Central Waterfront Public Realm* project was delayed due to the extended time frame for finalizing the environmental assessment. As well, the finalization of contribution agreements is delaying the transfer of funds for the East Bayfront, Fort York Pedestrian Bridge and Gardiner Environmental Assessment Studies

Internal Services

For the nine months ended September 30, 2010 actual capital expenditures for Internal Services totalled \$74.979 million or 30.2% of their collective 2010 Approved Capital Budget of \$248.225 million as shown in Appendix 1. Capital spending is expected to increase to \$162.885 million or 65.6% of the 2010 Approved Capital Budget by year-end.

Internal Services				
Corporate Nine Months Capital Variance Summary				
for the Period Ended September 30, 2010				
(\$ Million)				
	September 30, 2010		Projected 2010 Year-End	
	Over/(Under)	%	Over/(Under)	%
	\$	of Budget Spent	\$	of Budget Spent
Facilities & Real Estate	(67.6)	29.5	(27.9)	70.9
Financial Services	(25.8)	4.1	(21.9)	18.5
Fleet Services	(33.9)	44.7	(14.7)	76.1
Information Technology	(46.0)	28.3	(20.9)	67.5
Sub-Total	(173.2)	30.2	(85.3)	65.6

Financial Services projected expenditures to year-end is \$4.979 million or 18.5 % of the 2010 Approved Capital Budget, resulting in under-spending of \$21.9 million. The under-spending is mainly due to the following projects:

- *Financial Planning, Analysis & Reporting System (FPARS)* – Under-spending at year end is projected at \$17.080 million which is attributed to delays in finalizing the RFP for acquiring external resources to assist City staff with the financial and human resources business process changes and subsequent implementation of SAP Public Sector Budget Formulation solution.
- The *Utility Billing System Upgrade* project has been delayed as a decision was made to delay the start of this project to shift more resources to the Tax Billing System Upgrade project resulting in \$0.386 million under-spending in 2010.
- *The Accounts Payable Process Improvements* project is expected to be completed in 2011 with 2010 projected under- spending of \$0.372 million. The contract with the previous vendor has been terminated; however, this project is proceeding with amendments to the project scope to include new functionalities.

- A decision was made to discontinue the *Alternate Dispute Resolution (ADR) On-line Dispute* project (\$0.100 million). The justification for discontinuing the ADR project is that it would have mirrored the current parking ticket process which would not result in significant benefits.

Information and Technology spent \$18.159 million or 28.3% of its 2010 Approved Capital Budget of \$64.156 million during the nine months ended September 30, 2010; and projects expenditures by year-end of \$43.277 million or 67.5%. This translates to under-spending of \$20.880 million mainly because of resource constraints; project interdependences that delayed the *Geospatial* projects until the City's SAP resources (currently focussing on *FARS* project) become available; delays in contract negotiations that were expected to be completed by July 2010; recent contract negotiations that resulted in anticipated savings of approximately \$2.1 million in desktop acquisitions in 2010; and, delays in posting expenditure for capital positions due to some internal reorganization of staffing cost centres.

Other City Programs

For the nine months ended September 30, 2010, actual capital expenditures for Other City Programs totalled \$50.195 million or 21.1% of the 2010 Approved Capital Budget of \$237.762 million; and is projected to increase to \$91.747 million or 38.6% by year-end.

Other City Programs				
Corporate Nine Months Capital Variance Summary				
for the Period Ended September 30, 2010				
(\$ Million)				
	September 30, 2010		Projected 2010 Year-End Spending	
	Over/(Under) \$	% of Budget Spent	Over/(Under) \$	% of Budget Spent
City Clerk's Office	(3.2)	64.8	(0.7)	92.5
Sustainable Energy Plan	(41.1)	10.0	(23.1)	49.5
Union Station	(113.8)	18.6	(93.2)	33.3
Radio Replacement Project	(29.4)	31.9	(29.1)	32.7
Sub-Total	(187.6)	21.1	(146.0)	38.6

Sustainable Energy Plan capital expenditures for the nine months ended September 30, 2010 totalled \$4.564 million or 10 % of the 2010 Approved Capital Budget of \$45.713 million. It is projected that by year end capital spending will increase to \$22.643 million or 49.5% of the 2010 Approved Capital Budget. The following projects are the principal causes of the projected under-expenditure:

- *Toronto Energy Conservation Fund* – Actual loan disbursement to year-end is estimated to be \$14.309 million or 51.8% of the 2010 approved cash flow of \$27.650 million. The revolving loan program continues to receive applications. These

applications require review which has caused a timing delay between the commitment of funds and their actual disbursement.

- *Upgrades – City Facilities* - The pilot project concluded in early 2010 but resulted in the schedule for window installations to be extended into 2011. Consequently, \$1.565 million will be unspent at year end.

Union Station Project actual expenditures during the nine months ended September 30, 2010 totalled \$25.975 million or 18.6% of its 2010 Approved Capital Budget of \$139.759 million. Capital expenditures to year-end are estimated at \$46.570 million or 33.3% of the 2010 Approved Capital Budget.

Work on the Pedestrian Bridge will be completed by year end. The architectural and design enhancements being prepared for the development of the new retail space at Union Station is currently \$0.228 million or 4% spent and anticipated to be completed by year-end. The RFP for design work for the Northwest Path project is anticipated to be issued late in October, 2010.

Construction contracts will be \$10.738 million or 14.1% spent by year end. An updated construction schedule is currently being prepared by Vanbots (Contracting Company). Approximately \$80.0 million of work has been tendered and in the process of being awarded however spending will be minimal due to the time required to order and obtain the appropriate materials. Overall, construction schedules have been deferred due to the co-ordination of projects currently ongoing at Union Station with GO Transit and the TTC and due to obtaining permits and heritage approvals.

Radio Communication System Replacement Project's and G8/G20 Radio Communication Systems capital expenditures for the nine months ended September 30, 2010 totalled \$13.790 million or 31.9% of their collective 2010 Approved Capital Budget of \$43.230 million. Capital expenditures to year-end are estimated to be \$14.151 million or 32.7% of their cumulative 2010 Approved Capital Budget.

The Radio Communications System Replacement project is currently in the system design stage. Spending to September was mainly attributed to professional services of a fairness consultant to oversee procurement and work on release of a Request for Expression of Interest (RFEOI) which occurred in August 2010. On-going project management and site connectivity with terrestrial fibre-optic cabling is expected to proceed to year-end. The impact of the acquisition of radio equipment as a result of preparing for the G8/G20 Conference in June 2010 has resulted in significant adjustments to the approved project cash flow. The unspent funding will be carried forward into 2011 with project completion now estimated to be in 2013.

G8/G20 Radio Communication System capital expenditures for the nine months ended September 30, 2010 totalled \$13.693 million or 91% of the 2010 Approved Budget of \$15.0 million. The project has been completed with \$1.307 million unspent.

City Agencies

For the nine months ended September 30, 2010, actual capital expenditures for City Agencies totalled \$670.711 million or 45.4% of their 2010 Approved Capital Budget of \$1.477 billion. Capital spending for Agencies is expected to increase to \$1.262 billion or 85.5% of their collective 2010 Approved Capital Budget by year-end. As shown in the table below, most Agencies project spending in excess of 75% of their individual 2010 Approved Capital Budget by year-end; the exceptions are Toronto Public Health and Yonge Dundas Square. Although Toronto Police Service and Toronto Transit Commission project spending of 85.6% and 84.2% respectively, the projected under spending is relatively material in each case, and are therefore discussed below.

City Agencies Corporate Nine Months Capital Variance Summary for the Period Ended September 30, 2010 (\$ Million)				
	September 30, 2010		Projected 2010 Year-End Spending	
	Over/(Under) \$	% of Budget Spent	Over/(Under) \$	% of Budget Spent
Exhibition Place	(22.0)	28.9	0.0	100.0
Go Transit	0.0	100.0	0.0	100.0
Toronto And Region Conservation Authority	(1.6)	75.0	0.0	100.0
Toronto Police Service	(40.2)	55.6	(12.8)	85.8
Toronto Port Authority	0.0	100.0	0.0	100.0
Toronto Public Health	(3.6)	38.1	(2.3)	61.6
Toronto Public Library	(13.6)	50.6	(0.9)	96.9
Toronto Transit Commission	(716.9)	43.1	(199.4)	84.2
Yonge-Dundas Square	(0.3)	31.3	(0.2)	56.0
Toronto Zoo	(7.5)	24.4	(2.4)	75.9
Sony Centre (Hummingbird)	(0.6)	97.3	3.3	114.0
Sub-Total	(806.3)	45.4	(214.6)	85.5

Toronto Public Health (TPH) capital expenditures for the nine months ended September 30, 2010 totalled \$2.236 million or 38.1% of its 2010 Approved Capital Budget of \$5.870 million. Capital spending is projected to be \$3.617 million or 61.6% of its 2010 Approved Capital Budget by year-end. The following projects are the principal causes of the projected under-expenditure:

- eHealth Ontario, with the support of the Ministry of Health and Long-Term Care, has temporarily halted its *Panorama* project to refine its eHealth strategy and review procurement processes and project accountabilities. This results in the requirement to defer hiring of project positions to align project resources with new provincial timeline and to carry forward \$0.447 million into 2011 for the PH Surveillance and Management System project.
- The recent provincial requirement for health units to implement the Low Income Dental Program including an enhanced dental reporting system reduces the scope of the *Dental Strategy and Implementation* project.

- The *Mobile Dental Clinic* project is currently going through the RFQ process which will be completed on October 15, 2010. Since the acquisition process takes approximately 6 months from the time the order is placed, the entire budget of \$0.450 million will be carried forward into 2011 Capital Budget.

Toronto Police Service's capital expenditures for the period ended September 30, 2010 totalled \$50.236 million or 55.6% of its 2010 Approved Capital Budget of \$90.410 million. The Toronto Police Service (TPS) is projecting year-end spending of \$77.589 million or 85.8% of its 2010 Approved Capital Budget. The projected year-end variance of \$12.8 million is primarily the result of the following:

- The *In-Car Camera* project will be under-spent by \$2.199 million as a result of rollout delays in the first 6 months of 2010 arising from additional workload pressures to prepare for the G8/G20 Summits, as well as integration with DVAMS which has been rescheduled to take place in the first half of 2011.
- It is anticipated that the *IT-Related Replacement* projects funded from the Vehicle and Equipment Reserve will be under-spent by \$2.520 million due to timing of the acquisition.
- The *Property & Evidence Management Facility* project will be under-spent by \$1.2 million. Some design work and security system installation will be completed in 2010; however \$1.2 million will be carried forward into 2011 Capital Budget.

The Toronto Transit Commission's (TTC) capital expenditures for the nine months ended September 30, 2010 totalled \$586.607 million or 34.9 % of the 2010 Approved Capital Budget of \$1.260 billion (excluding the Transit City Project). The TTC is projecting year end spending of \$1.061 billion or 84.2% of 2010 Approved Capital Budget. The under-spending is mainly due to the following projects:

- *Automatic Train Control* project, which is predominately SOGR work, will be \$39.271 million under budget due to the Yonge-University-Spadina Automatic Train Control contract being awarded later than expected and being a lower than budgeted amount.
- *Equipment – Various Projects*, which is predominately SOGR work, will be \$22.127 million under budget due to a delay in the installation of the bus cleaning equipment at the Wilson, Malvern and Arrow Road garages.
- *Finishes* Project, which is predominately SOGR work, will be \$15.440 million under budget due to estimate changes for the station modernization project and slippage of work at Dufferin and Pape stations.
- *Purchase of Streetcars* project will be \$10.585 million under budget due to the slippage of project milestones including completion of conceptual design review and also slippage of the projected options list allowance, as well as a reworked cash flow allowance for 2010 exercised options and escalations.

- *LRT Replacement Maintenance and Storage Facility* project will be \$70.820 million under budget due to slippage of design work due to property and community concerns.
- *Spadina Subway Extension* project will be \$14.885 million over budget due to more engineering and geotechnical work being undertaken than expected and also due to a difference in timing for milestone payments for vehicles, offset by the deferral of payments for property acquisition and construction work.

Sony Centre for the Performing Arts spent \$23.038 million or 97.3% of its 2010 Approved Capital Budget of \$23.666 million during the first nine months of 2010. Capital spending is expected to increase to \$26.984 million or 114% of the 2010 Approved Capital Budget by year-end. The projected year-end overspending of \$3.3 million on the renovation of the theatre is mainly due to unanticipated sewage problems, leaking roof, additional asbestos remediation, and unexpected issues in working with a heritage building.

Sony Centre for the Performing Arts has included in its 2011 Capital Budget submission a request to increase the total project cost by \$3.415 million to reflect the capital challenges noted above, as well as request an additional City loan of \$2 million to fund the over spend. In the 2010 Approved Capital Budget, Sony Centre was granted authority to borrow up to \$4.65 million to address the capital renovation of the Centre. The additional request in 2011 will bring the loan provision up to \$6.65 million. The Centre has also provided a plan for the retirement of the loan over 15 years.

Rate Supported Programs

For the nine months ended September 30, 2010, Rate Supported Programs' capital expenditures totalled \$404.274 million or 47.6% of their collective 2010 Approved Capital Budget of \$849.547 million. Capital spending is expected to increase to \$664.814 million or 78.3% of their collective 2010 Approved Capital Budget by year-end.

Rate Supported Programs				
Corporate Nine Months Capital Variance Summary				
for the Period Ended September 30, 2010				
(\$ Million)				
	September 30, 2010		Projected 2010 Year-End	
	Over/(Under)	%	Over/(Under)	%
	\$	of Budget Spent	\$	of Budget Spent
Toronto Water	(350.6)	51.4	(120.2)	83.3
Toronto Parking Authority	(13.8)	58.4	(9.4)	71.7
Solid Waste Management Services	(81.0)	15.5	(55.2)	42.4
Sub-Total	(94.7)	47.6	(64.5)	78.3

Toronto Parking Authority (TPA) capital expenditures for the nine months ended September 30, 2010 totalled \$19.343 million or 58.4 % of the 2010 Approved Capital Budget of \$33.105 million. The TPA is projecting year-end spending of \$23.747 billion or 71.7% of the 2010 Approved Capital Budget.

The current projected year-end spending rate reflects delays arising from the unavailability of appropriate sites for off-street parking and delays due to on-going negotiations for identified sites. The major contributors to the projected under-spending are as follows:

- *Queen/Soho Car Park* project– This project will be deferred into 2011 as the TPA continues to finalize a suitable site. Actual spending to year-end on this project is estimated to be \$0 of the 2010 approved cash flow of \$4.0 million.
- *Maintenance Facility* project- This project will also be deferred into 2011 as the TPA continues to finalize a suitable site. Actual spending to year-end on this project is estimated to be \$0 of the 2010 approved cash flow of \$2.0 million.
- *Bathurst/College Car Park* project – Delays in identifying a site for this project will result in the development of the car park being deferred into 2011. Actual spending to year-end on this project is estimated to be \$2.7 million or 60% of the 2010 approved cash flow of \$4.5 million.

Solid Waste Management Services (SWMS) capital expenditures for the nine months ended September 30, 2010 totalled \$14.812 million or 15.5% of the 2010 Approved Capital Budget of \$95.770 million. SWMS project year-end spending of \$40.599 million or 42.4% of the 2010 Approved Capital Budget. The projected year-end under-spending of \$55.171 million is attributable to the following projects:

- *Diversion Systems* project include reuse centres, recycling, organics and single stream processing facilities expenditures, organics and recycling containers as well as projects for mandatory diversion enforcement, recycling upgrades for multi-units, tractor trailers and the RFID/GPS system. These projects have a 2010 Approved Capital Budget of \$13.464 million and will be under-spent by \$6.7 million by year-end mainly due to slower implementation of organics and recycling projects for multi-residential buildings.
- Delay of the design, build and operate contract award for the *Disco SSO Processing Facility* project resulted in significant under-spending in 2009. On February 22 and 23, 2010, City Council authorized the General Manager, Solid Waste Management Services, to finalize negotiations and execute a sole source agreement with AECOM Canada Ltd to complete this facility. Delay in planning and design by the contractor is expected to reduce spending for 2010 by \$30.3 million or 94% of the 2010 approved cash flow of \$32.3 million. 2010 spending will focus on site remediation (11% spent at year-end) and development. SWMS is planning to carry forward the required funding from 2010 to 2011 Capital Budget.

- *Green Lane* project - The Cell Excavation and Base Construction project has a 2010 Approved Capital Budget of \$4.515 million and will be under-spent by \$3.0 million by year-end. Project spending is estimated to be \$1.6 million or 35% to the end of 2010.
- *Old Landfills* project - Perpetual Care of old landfills has a 2010 Approved Capital Budget of \$8.706 million and will be under-spent by \$2.7 million by year-end due to delayed spending of \$0.5 million for the Thackery landfill gas collection and flaring system and \$2.2 million for investigations & engineering, monitoring and remediation due to delayed planning . Project spending is estimated to be \$6.0 million or 69% to the end of 2010.