

**Capital Variance Report for the Three Month Period  
Ended March 31, 2013**

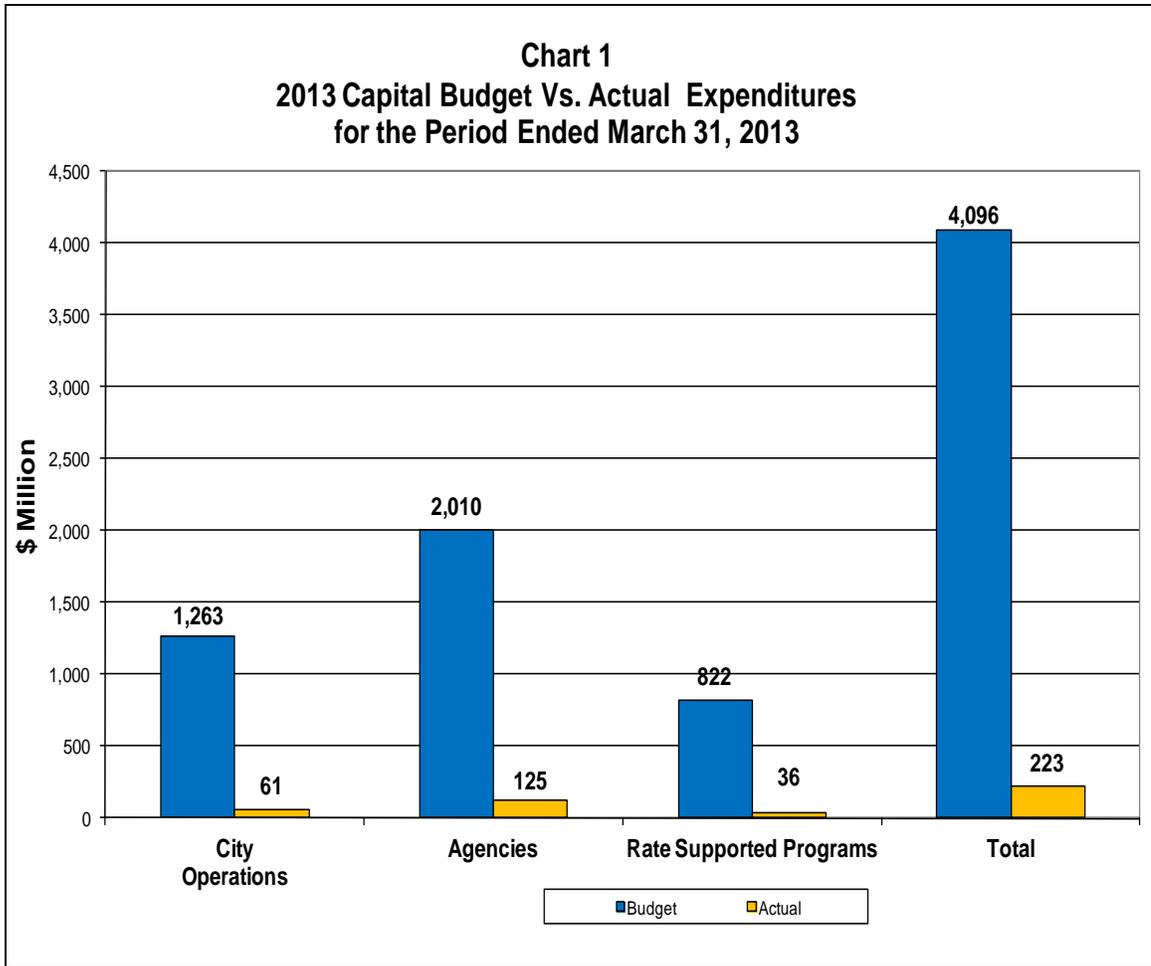
<b>Date:</b>	April 30, 2013
<b>To:</b>	Budget Committee
<b>From:</b>	Deputy City Manager and Chief Financial Officer
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2013\Internal Services\Fp\Bc13018Fp

**SUMMARY**

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The purpose of this report is to provide Council with the 2013 Capital Variance Report for the three month period ended March 31, 2013 as well as projected actual expenditures to December 31, 2013. Furthermore, the report seeks Council's approval for 2013 in-year budget adjustments.

Capital expenditures for the three months ended March 31, 2013 totalled \$223.223 million or 5.5% of the 2013 Approved Capital Budget of \$4.096 billion (see Chart 1). This spending pattern is consistent with prior years as first quarter capital activity is typically more preparatory, with less expenditure actually occurring than in the remainder of the year. As detailed by City Program and Agency in Appendix 1, it is noted that 26 of 32 City Programs and Agencies project spending in excess of 70% of their respective 2013 Approved Capital Budget by December 31, 2013.



## RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. Council approve in-year budget adjustments to the 2013 Approved Capital Budget detailed in Appendix 2 and that the 2013 Approved Capital Budget be adjusted accordingly.
2. City Council increase City Planning Division's 2013 Approved Capital Budget for Growth Studies (CUR028-27 - project cost and cash flow) by \$1.338 million for the Port Lands Acceleration Initiative Planning Framework, to be funded by transfers of:
  - a) \$853,920 from the Development-related studies Development Charges Reserve Fund (XR2120)
  - b) \$150,000 from Toronto Water (CWW452-04)
  - c) \$150,000 from Toronto Water (CPW537-04)
  - d) \$184,080 from Transportation Services (CTP813-02)

3. Council authorize and direct the appropriate City Officials to take the necessary action to give effect thereto.

## **FINANCIAL IMPACT**

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The total financial impact to the City's 2013 Approved Capital Budget arising from the adoption of the recommended 2013 in-year adjustments in this report, is an overall decrease to the City's 2013 Capital Budget of \$0.146 million, primarily by reducing Fleet Services' 2013 Approved Capital Budget by \$1.00 million to \$57.467 million to agree with Fire Services' 2013 budgeted contributions to the vehicle reserve and increasing City Planning Capital Budget by \$1.338 million to \$11.256 million, consisting of additional funding in the amount of \$0.854 million from the Development Charges Reserve Fund (XR2120) and a reallocation of \$0.484 million of 2013 Council Approved Toronto Water and Transportation Services Capital funding.

## **ISSUE BACKGROUND**

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

## **COMMENTS**

At its meeting of November 27 -28, 2012, Council approved a 2013 Rate-Supported Capital Budget of \$791.297 million; and at its meeting of January 15-16, 2013, Council approved a 2013 Tax Supported Capital Budget of \$2.838 billion for a total Tax and Rate-Supported 2013 Capital Budget of \$3.630 billion. The 2013 Rate-Supported Capital Budget consists of \$657.266 million for Toronto Water, \$40.102 million for Toronto Parking Authority and \$93.929 million for Solid Waste Management. Including additional 2012 carry forward funding and in-year budget adjustments for all City Tax and Rate Programs and Agencies, the 2013 Adjusted Capital Budget is \$4.096 billion.

Spending for the first three months ended March 31, 2013 totalled \$223.223 million or 5.5% of the 2013 Approved Capital Budget. The City's capital works program tends to accelerate in the second part of the year. This is evident in the increased spending projections to 2013 year-end, which indicate total spending of \$3.384 billion or 82.6%. It is noted that the majority of City Programs and Agencies forecast spending of over 70% of their respective Capital Budgets by year-end (see Table 1 below).

Table 1 Corporate Capital Variance Summary for the Period Ended March 31, 2013 (\$000s)					
	2013 Approved Budget	Actual Expenditures - January 1 to March 31, 2013		Projected Actual Expenditure at Year-End	
		\$000s	%	\$000s	% of Plan
<b>Tax Supported Programs:</b>					
Citizen Centred Services - "A"	265,654	11,480	4.3	194,940	73.4
Citizen Centred Services - "B"	437,993	13,958	3.2	338,252	77.2
Internal Services	476,195	27,847	5.8	360,626	75.7
Other City Programs	83,237	8,148	9.8	68,694	82.5
Agencies	2,009,965	125,329	6.2	1,739,927	86.6
<b>Total - Tax Supported</b>	<b>3,273,044</b>	<b>186,761</b>	<b>5.7</b>	<b>2,702,438</b>	<b>82.6</b>
<b>Rate Supported Programs:</b>					
Toronto Parking Authority	50,562	2,106	4.2	50,562	100.0
Solid Waste Management	100,388	2,020	2.0	61,409	61.2
Toronto Water	671,545	32,335	4.8	569,574	84.8
<b>Total Rate Supported</b>	<b>822,495</b>	<b>36,462</b>	<b>4.4</b>	<b>681,545</b>	<b>82.9</b>
<b>Total</b>	<b>4,095,539</b>	<b>223,223</b>	<b>5.5</b>	<b>3,383,983</b>	<b>82.6</b>

## **In-Year Budget Adjustments**

As detailed in Appendix 2, technical and in-year budget adjustments are requested by Economic Development and Culture, Fleet Service, Facilities Management & Real Estate City Clerk's and Toronto Water. These adjustments are required to align the cash flow with the actual spending levels, to reflect appropriate funding contribution to Reserve Fund and to reallocate funding between sub-projects in order to accommodate revised project's timelines.

The in-year technical adjustments requested by *Facilities Management & Real Estate (FM&RE)* realign project costs and cash flows based on actual spending levels. These adjustment result in no incremental impact on the project costs as well as debt funding on the Council Approved 10 year Capital Budget and Plan for FM&RE.

The in-year adjustments requested by *Toronto Water* reallocate funding to accommodate higher bid prices for building rehabilitation and process equipment upgrades such as replacement of travelling screens at *RC Harris Water Treatment Plant* and the *Island Filter Air Scour System*. In-year budget adjustments are also recommended to realign cash flows and project costs for *Water Service* and *Sewer Replacement* projects and *Facility Rehabilitation* work that was carried over into 2013 without corresponding carryforward funding. The higher spending on these projects was offset by reallocation of available funding in other projects within the 2013 Approved Capital Budget. Toronto Water also forecasts favourable pricing on the *Road Restoration* component of the *Basement Flooding* projects and an in-year adjustment is recommended to redirect those funds to the design of additional *Basement Flooding* projects. These adjustments have no incremental impact on the Council Approved 10 year Capital Budget and Plan for Toronto Water.

City Council approved the Port Lands Acceleration Initiative during its meeting on October 2, 3 and 4 2012, which requested staff to create a high-level Planning

Framework for the entire Port Lands consistent with the Central Waterfront Secondary Plan and complete a precinct plan for the Film Studio District. Staff determined that the Planning Framework requires a Municipal Transportation & Infrastructure Class EA and will build on Toronto Water's EA for the Sanitary Master Plan. The scope of work for the Planning Framework and Film Studio District Precinct Plan was not finalized until after the 2013 budget approval.

Total project costs for the Planning Framework are estimated at \$1.448 million and will include \$1.200 million for a Transportation & Infrastructure Master Plan, \$0.200 million for the Film Studio District Precinct Plan and \$0.048 million for a Community Facilities Services Study. Funding for these initiatives are available in the 2013 Approved Capital Budgets for participating Divisions, including \$0.110 million from City Planning Growth Studies (CUR028-27), \$0.300 million from Toronto Water Sewer and Watermain Asset Planning (split evenly between CWW452-04 and CPW537-04), \$0.184 million from Transportation Services Engineering Studies (CTP813-02) with the balance of \$0.854 million to be funded from the Development-related Studies Development Charges (DC) Reserve Fund (XR2120). City Planning Division will take the lead and will be project manager. Details of the project costs and funding for the Planning Framework and Film Studio Precinct Plan, to be transferred into City Planning's 2013 Capital Budget, are provided in the table below:

<b>Port Lands Acceleration Initiative Planning Framework</b>	<b>Account</b>	<b>Transportation Infrastructure Master Plan</b>	<b>Film Studio District Precinct Plan</b>	<b>Community Facilities Services Study</b>	<b>2013 Total</b>
<b>Total Project Cost</b>		<b>\$1,200,000</b>	<b>\$200,000</b>	<b>\$48,000</b>	<b>\$1,448,000</b>
<b>Funding</b>					
Development-related Studies DC Reserve Fun	XR2120	\$720,000	\$108,000	\$25,920	\$853,920
Toronto Water	CWW452-04	\$150,000			\$150,000
Toronto Water	CPW537-04	\$150,000			\$150,000
Transportation Services	CTP813-02	\$112,080	\$72,000		\$184,080
<b>Total Funding to be reallocated to City Planning</b>		<b>\$1,132,080</b>	<b>\$180,000</b>	<b>\$25,920</b>	<b>\$1,338,000</b>
City Planning*	CUR028-27	\$67,920	\$20,000	\$22,080	\$110,000
<b>Total Funding</b>		<b>\$1,200,000</b>	<b>\$200,000</b>	<b>\$48,000</b>	<b>\$1,448,000</b>

\*\$110,000 included in Council Approved 2013 Capital Budget for City Planning

## **CONTACT**

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## **SIGNATURE**

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Roberto Rossini  
Deputy City Manager and Chief Financial Officer

## **ATTACHMENTS**

- Appendix 1 - 2013 Consolidated Capital Variance Report for the Three Months Ended March 31, 2013
- Appendix 2 - In-Year Adjustments for the Three Months Ended March 31, 2013
- Appendix 3 - Capital Variance Explanation - Programs/Agencies