

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: December 19, 2013

SUBJECT: 2013 Capital Budget Technical Adjustments

ACTION ITEM

RECOMMENDATION

It is recommended that the Board:

- 1) Approve the reallocation of funds within the approved 2013 TTC Capital Budget in the amount of \$12.091 million with zero impact to expenditures and funding as detailed in Appendix A attached;
- 2) approve technical budget adjustments resulting in the deferral and acceleration of \$45.369 million in the approved 2013 TTC Capital Budget and future year cash flow commitments (including related funding impacts) with zero impact to overall expenditures and funding as outlined in Appendix B attached;
- 3) approve the application of additional funding sources including increases in the following for 2013: \$1.040 million in the Provincial Gas Tax Funding (PGT) Reserve Funds XR3018, \$42.629 in 2013 Move Ontario 2020 Reserve Funds XR 3025, and reductions to the Canada Strategic Infrastructure Fund (CSIF) Reserve Funds XR3020 by \$17.184 million, LRVs Provincial Funding by \$9.355 million, Federal Gas Tax (FGT) by \$5.334 million, TTC Depreciation by \$11.796 million inclusively as outlined in Appendix B attached; and,
- 4) forward this report to the City of Toronto for Council approval.

FUNDING

Funding for the TTC's Capital Budget is sourced from various funding programs and debt and channelled through the City of Toronto in accordance with the funding included in the TTC 2013-2022 Capital Budget as approved by City of Toronto Council on January 16, 2013. The budget and funding adjustments requested in this report address changes to the 2013 approved funding to supplement funding changes that have been incorporated into the TTC's recommended 2014-2023 Capital Budget. The requested adjustments will result in improved alignment of the 2013 Capital Budget to the projected actuals by year-end.

BACKGROUND

On August 25, 2011, the City of Toronto introduced a new bylaw which amended the City of Toronto Municipal Code Chapter 279, Toronto Transit Commission that carried certain requirements for addressing budget changes at the capital project level. Furthermore, the detailed application of funding to each project as requested by City staff have created additional requirements to maintain the integrity of project budget and funding. TTC staff has monitored changes in project cash flows and deliverables as well as changes to funding programs and other revenue sources which requires technical amendments to project cash flows, commitments and funding sources to ensure compliance with budget constraints and City bylaw requirements for capital projects.

DISCUSSION

This report seeks approval for the appropriate changes to budget and funding sources in the current year, including City debt financing and asset monetization with zero net impacts, which will also allow for the optimum utilization of the funding available for use in future years of the approved capital plan. A further impact to be considered is that updates to the 2013 budget are not approved by the City as part of the 2014–2023 Recommended Capital Budget which is anticipated to receive approval from City Council in January 2014. Each year the TTC reassesses its capital needs and incorporates these updated requirements into a refreshed capital plan. In the preparation of the TTC's 2014-2023 Capital Budget submission, staff incorporated project adjustments into the future years, however subsequent refinements to projected expenditures in the current year require approval, and this report seeks that approval. These technical adjustments to the 2013 approved budget are summarized in Appendices A and B.

There is a need to address project variances not only to minimize the incremental carry forward into 2014 Capital Budget but to also maximize the funding sources available to the approved capital plan. With the 2013 carry forward of \$167.791 million into the 2014 Capital Budget as approved by Commission on November 20, 2013, the distribution of the majority of 2013 under spending to future year cash flows have already been addressed. This report recommends a further redistribution of unspent funds in the noted projects identified in Appendix B totalling \$45.369 million in the form of acceleration/deferral.

In order to maximize the use of available funding sources and in consideration of funding program constraints and eligible cost limitations (particularly Federal Gas Tax and Development Charges), flexibility in the allocation of City reserve funding is consistent with the principal benefits of the Provincial and Federal Gas Tax funding allocation programs, and will ensure that TTC is able to fully utilize these funding sources in the coming years as well as justify the pursuit of further government funding for transit capital.

Approval of the funding adjustments outlined in Appendix B is required to ensure that application of the funding sources apportioned by project can be fully applied at year end. This will help ensure that the CSIF and Move Ontario 2020 reserve balances are appropriately utilized based on the 2013 year to date balances (including accrued interest).

JUSTIFICATION

The approval of these project and funding adjustments will allow TTC to optimize utilization of available funding from various funding programs in 2013 and adhere to City financial requirements. This will further ensure that funding of the capital program for future years is best managed and that reporting and budgeting of the current year is consistent with the submission of future years budget information as included in the Recommended 2014-2023 Capital Budget.

December 3, 2013

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Attachments: Appendix A – 2013 In Year Capital Budget Re-allocation
 Appendix B – 2013 Accelerations/Deferrals, Funding & Other Adjustments



Toronto Transit Commission
 2013 Capital Budget Technical Adjustment
 (\$,000s)

Appendix A

CAPTOR	SAP	Project Description	Project Approval	2013 Approved Budget	Funding Sources							
					Debt	Federal Subsidy	Provincial Subsidy			DC	Asset Monetization	Depreciation
						FGT/CSIF	CSIF	PGT/LRV	Move Ontario			
2013 In Year Budget Re-allocation												
TTC000921	CTT064	Transit Shelters & Loops	456	225	225							
TTC000480	CTT053	Rail Non-Revenue Vehicle Overhaul	2,722	928	928							
TTC000320	CTT012	Equipment	5,320	1,466	1,466							
TTC908032	CTT148	McNicol Bus Garage (New transfer from CTT110)	80,000	300								
TTC000710	CTT061	Information Technology - Infrastructure (Transfer from CTT125)	174,729	9,172	5,614						3,558	
		Sub-Total - Increases	263,227	(12,091)	8,533						3,558	
TTC000120	CTT002	Surface Track	(456)	(225)	(225)							
TTC906365	CTT054	Rail Non-Revenue Vehicle Purchase	(2,722)	(928)	(928)							
TTC000390	CTT110	Other Buildings & Structures Projects	(85,320)	(1,766)	(1,766)							
TTC906248	CTT125	Intelligent Transportation & Technical Systems	(174,729)	(9,172)	(5,614)						(3,558)	
		Sub-Total - Decreases	(263,227)	(12,091)	(8,533)						(3,558)	
Total 2013 In Year Budget Re-allocation			0	0	0	0	0	0	0	0	0	



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Appendix B

CAPTOR	SAP	Project Description	Project Approval	2013 Approved Budget	Funding Sources							
					Debt	Federal Subsidy	Provincial Subsidy			DC	Asset Monetization	Depreciation
							FGT/CSIF	CSIF	PGT/LRV			
2013 Accelerations / Deferrals, Funding & Other Adjustments												
2013 Accelerations *												
TTC000110	CTD01	Subway Track		2,321	2,321							
TTC000421	CTD46	Purchase of Subway Cars		27,487	(11,366)	672	(3,237)		11,987		29,431	
TTC000450	CTD50	Streetcar Overhaul Program		2,160	2,182	(22)						
TTC000460	CTD51	Subway Car Overhaul Program		4,147	4,332	(185)						
TTC000710	CTD61	Information Technology - Infrastructure		7,441	(886)						8,327	
TTC000921	CTD64	Transit Shelters & Loops		790	790							
TTC907198	CTT130	Kipling Station Improvements		1,005	(400)						1,405	
TTC907199	CTT131	Islington Station Improvement	15	15	15							
TTC907200	CTT132	Warden Station	3	3	3							
Sub-Total - Accelerations / increase				18	(45,369)	(3,009)	465	(3,237)	11,987		29,431	9,732
2013 Deferrals *												
TTC000379	CTD24	Fire Ventilation Upgrade		(633)	553		(1,186)					
TTC000395	CTD38	Birchmount Garage Renovation		(44)	(44)							
TTC000415	CTD45	Replacement Wheel-Trans Vehicles		(7,789)	(7,117)	(672)						
TTC000470	CTD52	Automotive Non-Revenue Vehicles		(5,376)	4,360						(9,736)	
TTC000510	CTD55	Tools & Shop Equipment		(1,648)							(1,648)	
TTC000520	CTD56	Fare Handling Equipment		(4,199)							(4,199)	
TTC000610	CTD58	Environmental Programs		(2,523)	(2,265)	(245)					(13)	
TTC000910	CTD62	Furniture and Office Equipment	(21)	(765)							(765)	
TTC000373	CTT109	Mount Dennis Bus Facility		(1,392)	(1,384)	(8)						
TTC000390	CTT110	Other Buildings & Structures Projects		(2,605)	(2,570)						(35)	
TTC000414	CTT111	Replace 40' Diesel Buses or Equivalent		(13,903)	(1,374)	(12,529)						
TTC000530	CTT113	Other Maintenance Equipment		(841)	3,522						(4,363)	
TTC000377	CTT116	Queensway Bus Garage		(1,451)	(1,450)	(1)						
TTC906153	CTT123	Eglinton Bus Terminal Replacement		(36)	(36)							
TTC906251	CTT126	Wilson Yard - Fleet Accommodation		(50)	(50)							
TTC907744	CTT141	Fare System		(2,114)	(117)	(126)	(1,872)					
Sub-Total - Deferrals / decreases				(21)	(45,369)	(7,972)	(13,681)	(3,058)				(20,759)
2013 Funding & Other Adjustments												
TTC000120	CTD02	Surface Track			9,862		(5,762)		(4,100)			
TTC000210	CTD03	Traction Power			24						(24)	
TTC000220	CTD05	Power Distribution/Electric Systems			6						(6)	
TTC000240	CTD08	Signal Systems			3,214				(3,214)			
TTC000310	CTD10	Finishes			(1,040)							
TTC000320	CTD12	Equipment			44	(44)						
TTC000330	CTD15	Yards and Roads			11	(11)						
TTC000333	CTD18	On-Grade Paving Rehab.			7						(7)	
TTC000340	CTD20	Bridges & Tunnels			1,107	(1,064)					(43)	
TTC000383	CTD28	Easier Access			5,342	(215)	(5,127)					
TTC000440	CTD49	SRT Car Overhaul Program			9	(9)						



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Appendix B

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							FGT/CSIF	CSIF	PGT/LRV				Move Ontario
TTC0004 80	CTTD53	Rail Non-Revenue Vehicle Overhaul			2	(2)							
TTC000920	CTTD63	Other Service Planning			28	(27)							(1)
TTC0004 32	CTT1 12	Bus Heavy Rebuilt Program			71	(71)							
TTC907188	CTT1 15	Birchmount Garage Repair Bay Modifications			1	(1)							
TTC906010	CTT1 22	Purchase of Legacy LRVs			(19,541)	12,529		(9,355)				16,367	
TTC906154	CTT1 24	Commuter Parking Expansion	3										
TTC907743	CTT1 42	YUS ATC Resignalling Project			(37,955)					37,955			
TTC907749	CTT1 45	LRT Replace/Maintenance & Storage Facility			4,644							(45,798)	(650)
TTC907750	CTT1 46	Toronto Rocket Yard and Storage Track Accommodation			3,341	(3,303)							(38)
Sub-Total - Funding & Other Adjustments			3		10,901	7,782	(10,889)	(8,315)	30,641			(29,431)	(769)
Total Adjustment Impact on 2013 Capital Budget						(5,334)	(17,184)	(8,315)	42,629				(11,796)

* Note: 2013 Acceleration - to 2013 from 2014 to 2023
 2013 Deferral - from 2013 to 2014 to 2023