



**STAFF REPORT
ACTION REQUIRED**

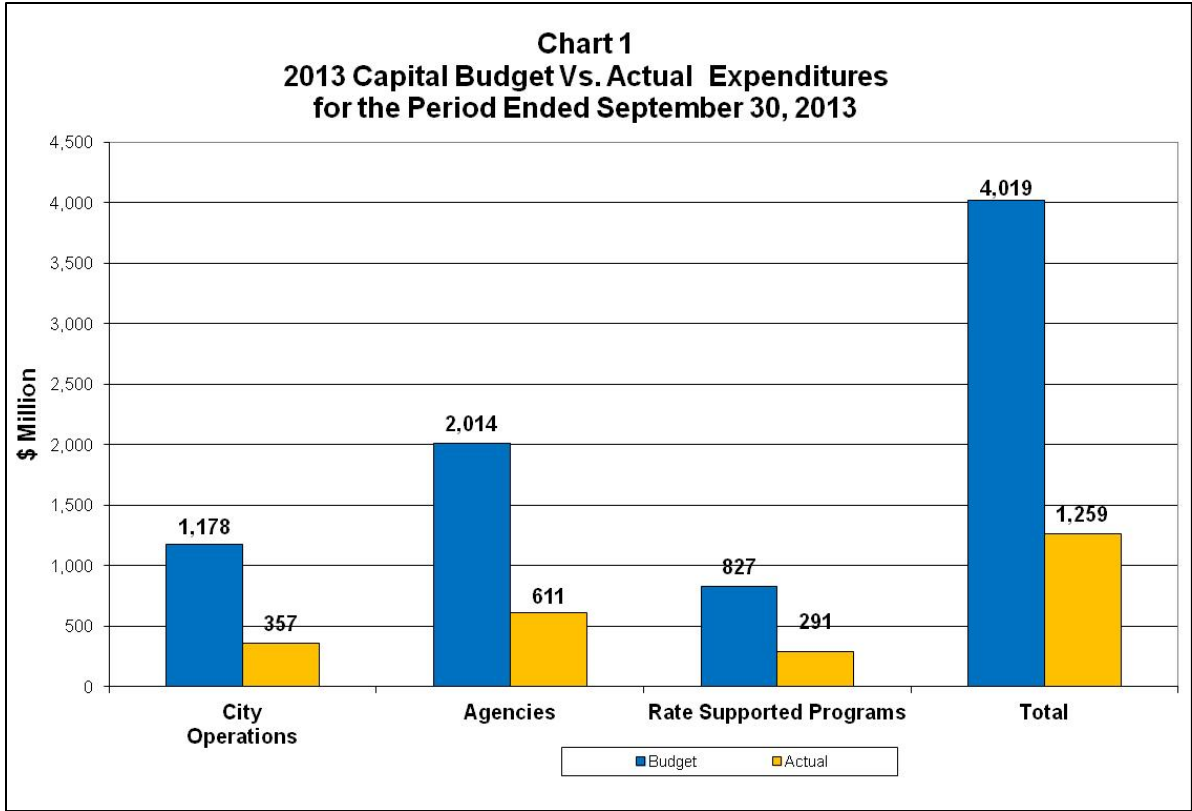
**Capital Variance Report for the Nine Month Period
Ended September 30, 2013**

Date:	December 17, 2013
To:	Budget Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	P:\2013\Internal Services\Fp\Bc13030Fp (AFS #16761)

SUMMARY

The purpose of this report is to provide Council with the 2013 Capital Variance Report for the nine month period ended September 30, 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 nine months ended September 30, 2013 totalled \$1.259 billion or 31.3% of the 2013 Approved Capital Budget of \$4.019 billion (see Chart 1). This spending pattern is consistent with prior years. As detailed by City Program and Agency in Appendix 1, actual expenditures to year-end are expected to reach \$2.674 billion or 66.5% of the total 2013 Approved Capital Budget; Ten of 32 City Programs and Agencies are projecting spending in excess of 70% by year-end: Tax Supported Programs project a spending rate of 67% to year-end; while Rate Supported Programs project year-end spending rate of 64.8%.



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

FINANCIAL IMPACT

The total financial impact to the 2013 – 2022 Approved Capital Budget and Plan arising from the adoption of the recommended in-year budget adjustments in this report results in an overall increase to the City's 2013 Approved Capital Budget of \$25,000 funded by a donations to Animal Services.

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 exception basis, to identify issues that require direction and/or decisions from Council.

COMMENTS

At its meetings of November 27 -28, 2012, Council approved a 2013 Rate-Supported Capital Budget of \$791.297 million; and at its meetings of January 15-16, 2013, Council approved a 2013 Tax Supported Capital Budget of \$2.838 billion for a total 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 Services. Including additional 2012 carry forward funding and 2013 in-year budget adjustments for all City Tax and Rate Programs and Agencies, the 2013 Adjusted Capital Budget is \$4.019 billion.

Spending for the first nine months ended September 30, 2013 totalled \$1.259 billion or 31.3% of the 2013 Approved Capital Budget of \$4.019 billion. Tax Supported Programs incurred capital expenditures of \$968.235 million, representing 30.3% of their collective 2013 Approved Capital Budget of \$3.192 billion. Rate Supported Programs incurred capital expenditures of \$291.116 million, representing 35.2% of their collective 2013 Approved Capital Budget of \$827.158 million. The City's capital work tends to accelerate in the final quarter of the year. This is evident in the increased spending projections to 2013 year-end, which indicate total spending of \$2.674 billion or 66.5% of 2013 Approved Capital Budget.

Table 1					
Corporate Capital Variance Summary					
for the Period Ended September 30, 2013					
(\$000s)					
	2013 Approved Budget	Actual Expenditures - January 1 to September 30, 2013		Projected Actual Expenditure at Year-End	
		\$000s	%	\$000s	% of Plan
Tax Supported Programs:					
Citizen Centred Services - "A"	278,568	72,595	26.1	170,542	61.2
Citizen Centred Services - "B"	434,414	113,179	26.1	265,548	61.1
Internal Services	380,153	137,354	36.1	223,279	58.7
Other City Programs	84,637	33,984	40.2	52,498	62.0
Agencies	2,013,881	611,123	30.3	1,425,891	70.8
Total - Tax Supported	3,191,653	968,235	30.3	2,137,758	67.0
Rate Supported Programs:					
Toronto Parking Authority	50,562	11,475	22.7	23,676	46.8
Solid Waste Management	101,821	20,766	20.4	45,970	45.1
Toronto Water	674,775	258,875	38.4	485,488	71.9
Total Rate Supported	827,158	291,116	35.2	555,134	67.1
Total	4,018,811	1,259,351	31.3	2,673,800	66.5

In-Year Budget Adjustments

In -year budget and technical adjustments to the 2013 - 2022 Approved Capital Budget and Plan require approval by Council. As detailed in Appendix 2, technical and in-year budget adjustments are recommended for the following Programs and Agencies:

A change to the funding source for ***City Planning's*** Film Studio District Precinct Plan project is recommended as the program was able to secure Other contributions (increase Other recoveries and decrease Development Charges and Contribution from Current).

A reallocation of 2013 cash flows is recommended for ***Transportation Services*** in order to provide sufficient funding for the streetscape and public realm elements of the *Front St. Reconfiguration* project as part of the existing TTC contract. This is the only opportunity the City will have to complete the road reconfiguration work in advance of the 2015 Pan Am Games. Therefore, \$0.683 million will be transferred from the *Morningside Extension* project (CTP812-44) to the *Front St. Reconfiguration* project (CTP813-49).

Facilities Management & Real Estate requested in-year adjustment to accept donation and increase project cost for the modification on the second floor of the existing dog kennels at 140 Princess Blvd. This increased project cost is funded from donations received by the Client (Animal Services) from a benefactor.

Toronto Public Library requested in-year adjustment to reallocate funding between the Technology Asset Management Program 2011-2014 and the Multi-Branch Renovation Program 2012-2014 in order to accommodate Fairview Library Renovation that is proceeding ahead of schedule. Construction is being completed sooner than anticipated and the library will be reopening ahead of time. The total project cost remains the same and there is no incremental impact on debt funding.

Toronto Water requested in-year technical adjustments to accommodate additional spending on sub-projects that are proceeding ahead of time, or for sub-projects that have encountered additional unforeseen costs including additional engineering services. As a result of the July 8th storm, critical repairs were undertaken to protect exposed or failed trunk sewer crossings in watercourses, and the basement flooding program (backflow grants) increased demand had to be addressed. The additional cash flow requirements can be accommodated as a result of lower than planned spending in sub-projects within the same project, that have been completed under budget, awarded at a favourable contract price, or experienced delays as a result of later than expected tendering and awarding of the associated contracts.

Solid Waste Management requested in-year adjustment to reallocate 2013 funding between sub-projects in order to accommodate unanticipated expenditures.

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SIGNATURE

Roberto Rossini
Deputy City Manager and Chief Financial Officer

ATTACHMENTS

- Appendix 1 - 2013 Consolidated Capital Variance Report for the Nine Months Ended September 30, 2013
- Appendix 2 - In-Year Adjustments for the Nine Months Ended September 30, 2013
- Appendix 3 - Capital Variance Explanation - Programs/Agencies