

# EX26.28a



## Decision Letter

### Budget Committee

<b>Meeting No.</b>	33	<b>Contact</b>	Jennifer Forkes, Committee Administrator
<b>Meeting Date</b>	Friday, June 9, 2017	<b>Phone</b>	416-392-4666
<b>Start Time</b>	9:30 AM	<b>E-mail</b>	buc@toronto.ca
<b>Location</b>	Committee Room 1, City Hall	<b>Chair</b>	Councillor Gary Crawford

<b>BU33.1</b>	<b>ACTION</b>	<b>Adopted</b>		<b>Ward:All</b>
---------------	---------------	----------------	--	-----------------

### Capital Variance Report for the Year Ended December 31, 2016

#### Committee Decision

The Budget Committee recommends that:

1. City Council receive the report and Appendices 1 to 4 (May 25, 2017) from the Deputy City Manager and Chief Financial Officer for information.

#### Origin

(May 25, 2017) Report from the Deputy City Manager and Chief Financial Officer

#### Summary

The purpose of this report is to provide Council with the City of Toronto's capital variance for the year-ended December 31, 2016. Capital expenditures for the twelve months ended December 31, 2016 totalled \$2.855 billion or 60.2 percent of the 2016 Approved Capital Budget of \$4.747 billion (see Table 1). The spending rate is lower than 2015 spending rate of 68.3 percent and the five year average of 62.6 percent.

For the year-ended December 31, 2016, Tax Supported Programs and Agencies reported capital expenditures of \$2.085 billion representing 56.2 percent of their collective 2016 Approved Capital Budget of \$3.712 billion. Rate Supported Programs reported capital expenditures of \$770.7 million, representing 74.5 percent of their collective 2016 Approved Capital Budget of \$1.034 billion.

Table 1: Summary of Capital Spending

	2016 Approved Budget	Actual Expenditures - January to December	
		(\$M)	%
Tax Supported	3,712.1	2,084.7	56.2%
Rate Supported Programs:	1,034.4	770.7	74.5%
<b>TOTAL</b>	<b>4,746.5</b>	<b>2,855.4</b>	<b>60.2%</b>

The rate of spending in 2016 was driven largely by expropriation process delays for the

acquisition of various sites, unanticipated site conditions, longer than planned timelines to obtain necessary approvals or required permits; and design issues. The detailed explanations of project delays by Program/Agency are provided in Appendix 3 attached to the report.

Figure 1 below shows City of Toronto's historical capital spending rate over the last 6 years.

Figure 1: 2011 - 2016 Capital Spending Rate

See Figure 1 titled 2011 - 2016 Capital Spending Rate  
in the Summary Section of the report dated May 25, 2017  
from the Deputy City Manager and Chief Financial Officer)

Actual capital expenditures have been steadily trending upwards over the last 5 years: from 2011 of \$2.330 billion to 2016 of \$2.855 billion. However, as a result of increased Capital Budgets, the spending as a percentage of the Budget is lower. The increased budget is driven by a combination of Council approval of higher capital budgets together with higher carry forward funding levels from prior year unspent capital projects.

The 2016 year-end capital budget of \$4.747 billion represents the highest Capital Budget the City has had for its Tax and Rate Supported Programs. This level of funding reflects Approved Capital Budget of \$3.183 billion plus the 2015 carry forward funding and 2016 in-year budget adjustments of \$1.564 billion.

The under-spending in 2016 was primarily driven by the following Programs/Agencies:

	2016 Approved Budget \$	2016 Actual Expenditure	2016 Unspent Amount	Spending Rate
(\$Million)		(\$)	(\$)	%
Toronto Transit Commission	2,165.2	1,221.9	943.3	56.4%
Transportation Services	456.3	252.8	203.5	55.4%
Facilities Management, Real Estate & Environment	295.0	160.6	134.5	54.4%
Parks, Forestry & Recreation	242.3	114.9	127.4	47.4%
Toronto Parking Authority	86.0	26.6	59.4	30.9%
Information & Technology	98.7	53.5	45.2	54.2%
Toronto Police Service	71.7	34.4	37.3	48.0%
Solid Waste Management Services	96.7	64.5	32.1	66.7%
TOTAL	3,512.0	1,929.2	1,582.8	54.9%
Other Program	1,234.5	926.2	308.3	75.0%
GRAND TOTAL	4,746.5	2,855.4	1,891.1	60.2%

A total of \$3.512 billion or 73.9 percent of the 2016 Approved Capital Budget was allocated to these 8 Programs or Agencies from which \$1.582.8 billion or 83.7 percent of the underspending was attributed to them.

## Background Information

(May 25, 2017) Report from the Deputy City Manager and Chief Financial Officer on Capital

Variance Report for the Year Ended December 31, 2016

(<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-104701.pdf>)

Appendices 1 to 3 - Capital Variance Summary for the Year Ended December 31, 2016; Capital Projects for Closure; and Major Capital Projects

(<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-104702.pdf>)

Appendix 4 - Capital Dashboard for Programs/Agencies

(<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-104703.pdf>)

(May 25, 2017) Report from the Deputy City Manager and Chief Financial Officer on Capital Variance Report for the Twelve Month Period Ended December 31, 2016 - Notice of Pending Report

(<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-104325.pdf>)