

**EX27.18**

## Decision Letter

### Budget Committee

<b>Meeting No.</b>	34	<b>Contact</b>	Jennifer Forkes, Committee Administrator
<b>Meeting Date</b>	Tuesday, September 5, 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>BU34.1</b>	<b>ACTION</b>	Adopted		Ward:All
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### Capital Variance Report for the Six Month Period Ended June 30, 2017

#### Committee Decision

The Budget Committee recommends that:

1. City Council approve in-year budget adjustments to the 2017-2026 Approved Capital Budget and Plan that result in with no incremental impact on debt funding.
2. City Council approve additional carry forward funding of \$2.144 million for Long Term Care Homes and Services (LTCHS). The additional carry forward will increase budget by \$2.144 million gross and net through one year carry forward as required to continue work on previously approved capital projects outlined in Table 3 in the report (August 21, 2017) from the Deputy City Manager and Chief Financial Officer.
3. City Council receive for information the list of 93 completed capital projects/sub-projects to be closed as detailed in Appendix 2 to the report (August 21, 2017) from the Deputy City Manager and Chief Financial Officer, that results in a total combined project budget savings of \$20.342 million.

#### Origin

(August 21, 2017) Report from the Deputy City Manager and Chief Financial Officer

#### Summary

The purpose of this report is to provide City Council with the City of Toronto capital spending for the six month period ended June 30, 2017, as well as projected actual expenditures to December 31, 2017. Furthermore, this report seeks Council's approval for in-year budget adjustments to the 2017 Approved Capital Budget.

The report also details the 93 completed capital projects with a combined budget of \$118.451 million that are ready to be closed. They have been completed under budget, realizing savings of \$20.342 million. The savings which includes \$10.733 million in debt funding, \$5.373 million in reserves/reserve funds funding, \$0.849 million in Capital from Current funding, \$3.219 million in recoverable debt funding and \$0.168 million in other Revenue will be

returned to their original funding sources.

Table 1: Six months and Year-End Projected Spending Rate

	2017 Approved Budget	Actual Expenditures - January to June		Projected Actual Expenditures at Year-End	
		(\$M)	%	(\$M)	%
Tax Supported	4,170.8	630.9	15.1%	3,212.3	77.0%
Rate Supported Programs:	1,131.9	264.5	23.4%	889.9	78.6%
<b>TOTAL</b>	<b>5,302.7</b>	<b>895.4</b>	<b>16.9%</b>	<b>4,102.2</b>	<b>77.4%</b>

Capital activity in the first half of the year is more preparatory, as such, the spending pattern for the first six months is typically within 20 percent of the total Council Approved Capital Budget. As detailed by City Program and Agency in Appendix 1, total expenditure for the first six months of 2017 is \$0.895 billion or 16.9 percent of the 2017 Council Approved Budget, which is consistent with prior year, as compared to 20.5 percent in Q2 2016 and 19.4 percent in the second quarter of 2015.

The projected expenditure to year-end is expected to reach \$4.102 billion or 77.4 percent of the total 2017 Approved Capital Budget. 22 of the 33 City Programs and Agencies have year-end projected spending rate in excess of 70 percent Tax Supported Programs project a spending rate of 77.0 percent while Rate Supported Programs project spending rate of 78.6 percent by year-end.

Figure 1 below compares the actual year-end spending rate from 2012 and past 5 years with the projected year-end spending rate for 2017.

(See Figure 1 titled "2012 - 2017 Capital Spending Rate",  
in the Summary section of the report dated  
August 21, 2017 from the Deputy City Manager  
and Chief Financial Officer)

The 2017 capital budget of \$5.303 billion represents the highest Capital Budget the City has had for its Tax and Rate Supported Programs. This level of funding reflects an Approved Capital Budget of \$3.708 billion plus a combined 2016 carry forward funding and 2017 in-year budget adjustments of \$1.594 billion. As a result of increased Capital Budgets, the spending as a percentage of the Budget is proportionally lower.

Both the Approved Capital Budget (including carry forward funding) and actual capital expenditures have been steadily trending upwards over the last 5 years: from \$2.400 billion in 2012 to \$2.855 billion in 2016 and projected to reach \$4.102 billion by the end of 2017. While the projected year-end spending rate of 77.4 percent for 2017 is consistent with year-end spending rate projected at the second quarter of prior years, it is optimistic compared to actual year-end spending rate of 60.2 percent for 2016 and 68.3 percent for 2015 and also to the past five year's average spending rate of 62.4 percent.

### **Background Information**

(August 21, 2017) Report from the Deputy City Manager and Chief Financial Officer on Capital Variance Report for the Six Month Period Ended June 30, 2017

[\(<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-106458.pdf>\)](http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-106458.pdf)

Appendices 1 to 4

[\(<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-106459.pdf>\)](http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-106459.pdf)

Appendix 5 - Capital Dashboard for Programs/Agencies

[\(<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-106480.pdf>\)](http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-106480.pdf)

(August 21, 2017) Report from the Deputy City Manager and Chief Financial Officer on Capital Variance Report for the Six Month Period Ended June 30, 2017 - Notice of Pending Report

[\(<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-106268.pdf>\)](http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-106268.pdf)