

Fleet Services Division 2017 Capital Budget and 2018 – 2026 Capital Plan Adjustments and Accelerations / Deferrals

Date: October 25, 2017

To: Budget Committee

Executive Committee

From: General Manager, Fleet Services Division

Wards: All

SUMMARY

The purpose of this report is to amend the Fleet Services Division (FSD) 2017 Council Approved Capital Budget and 2018-2027 Capital Plan. The amendments will have zero gross and net debt impact and will better align 2017 and future cash flows with FSD program requirements.

RECOMMENDATIONS

The General Manager, Fleet Services Division recommends that:

1. City Council authorize the acceleration and deferral of funds in FSD's 2017 Council Approved Capital Budget and 2018-2026 Capital Plan in the amount of \$4.150 million, as illustrated in Appendix A (attached), with zero gross and net debt impact.

FINANCIAL IMPACT

The approval of this report will authorize the acceleration and deferral of funds in the 2017 Approved Capital Budget and 2018-2026 Capital Plan for FSD in the amount of \$4.150 million as outlined in Appendix A for vehicle replacement projects. This amendment will have zero gross and net debt impact.

There are no additional costs to the City as a result of the approval of this report. The recommended adjustments will align the 2017 Council Approved Capital Budget with FSD's Capital program requirements for 2017 and beyond.

The Acting Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

City Council, at its meeting on February 15 & 16, 2017, approved the Fleet Services Division 2017 Capital Budget and 2018 – 2027 Capital Plan, which included 2017 Capital Budget cash flows of \$57.040 million (EX22.2 2017 Capital and Operating Budgets). The Council Decision Document can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=11852>

City Council at its meeting of April 26, 27, and 28, 2017 approved 2017 Capital Budget Adjustments for Carry Forward Funding with a net adjustment of - \$7.686 million to 2017 Capital Budget cash flow (EX24.18 2017 Capital Budget Adjustments for Carry Forward Funding). The Council Decision Document can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=11857>

City Council at its meeting of April 26, 27, and 28, 2017 approved Fleet Services 2016 Year End Capital Budget Adjustment with a zero gross budget impact to 2017 Capital Budget cash flow (EX24.21 Fleet Services 2016 Year End Capital Budget Adjustment). The Council Decision Document can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=11857>

City Council at its meeting of May 24, 25, and 26, 2017 approved 2017 Capital Budget adjustment with a net adjustment of - \$0.500 million to 2017 Capital Budget cash flow (EX25.12 Capital Variance Report for the Three-Month Period Ended March 31, 2017). The Council Decision Document can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=11859>

City Council at its meeting of October 2, 3 and 4, 2017 approved 2017 Capital Budget adjustment with a zero gross budget impact (EX27.18 Capital Variance Report for the Six Month Period Ended June 30, 2017). The Council Decision Document can be found at:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=11865>

Comments

Most of the vehicles that FSD purchases on behalf of its clients are custom designed and built to meet operational needs. In many cases, multiple suppliers collaborate to provide the final unit. Heavy duty vehicles and specialized equipment require significantly longer lead time for design and assembly and the process from beginning to end can take multiple years.

To plan for this, FSD considers all of the applicable factors for each situation and plans the cash flow within projects to align with the anticipated delivery. As 2017 delivery schedules have become more solidified, accelerated timelines for certain vehicles and equipment balanced by delays for other vehicles and equipment as indicated in

Appendix A has resulted in a need to amend the 2017 Approved Capital Budget to align cash flow with 2017 planned expenditures.

The above planned accelerated delivery has been offset by planned underspending in other projects in 2017.

The adjustment to the 2017 cash flow will be offset by reversal in the same amount in FSD's 2018 Approved Capital Plan for both the accelerated and deferred projects as indicated in Appendix A. As a result, there is no financial impact to the client Divisions' overall project deliverables and cash flow.

There are no additional costs to the City as a result of the approval of this report.

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SIGNATURE

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ATTACHMENTS

Appendix A - 2017 Accelerations/Deferrals