



Decision Letter

EX29.24a

Budget Committee

Meeting No.	37	Contact	Josephine Archbold, Administrator
Meeting Date	Monday, November 27, 2017	Phone	416-392-4666
Start Time	9:30 AM	E-mail	buc@toronto.ca
Location	Committee Room 2, City Hall	Chair	Councillor Gary Crawford

BU37.1	ACTION	Adopted		Ward:All
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Capital Variance Report for the Nine Month Period Ended September 30, 2017

Committee Decision

The Budget Committee recommends to the Executive Committee that:

1. City Council approve in-year budget adjustments to the 2017-2026 Approved Capital Budget and Plan that result in no incremental impact on debt funding.
2. City Council receive for information the list of 180 completed capital projects/sub-projects to be closed as detailed in Appendix 2 to the report (November 20, 2017) from the Acting Chief Financial Officer, that results in a total combined project budget savings of \$22.069 million.

Origin

(November 20, 2017) Report from the Acting Chief Financial Officer

Summary

The purpose of this report is to provide City Council with the City of Toronto capital spending for the nine month period ended September 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 180 completed capital projects with a combined budget of \$206.066 million that are ready to be closed. They have been completed under budget, realizing savings of \$22.208 million. The permanent underspending which includes \$6.603 million in debt funding, \$12.171 million in reserves/reserve funds funding, \$2.025 million in Capital from Current funding, \$0.311 million in Development Charges funding and \$1.098 million in other Revenue will be returned to their original funding sources.

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

	2017 Approved Capital Budget	Actual Expenditures - January to September	Actual Expenditures - January to September	Projected Actual Expenditures at Year-End	Projected Actual Expenditures at Year-End

		(\$M)	%	(\$M)	%
Tax Supported	4,141.2	1,209.9	29.2%	2,827.4	68.3%
Rate Supported Programs:	1,131.9	471.8	41.7%	853.5	75.4%
TOTAL	5,273.1	1,681.8	31.9%	3,680.8	69.8%

The spending pattern for the first nine months is typically within 40 percent of the total Council Approved Capital Budget. As detailed by City Program and Agency in Appendix 1, total expenditures for the first nine months of 2017 is \$1.682 billion or 31.9 percent of the 2017 Council Approved Budget, which is slightly lower than prior years, as compared to 33.2 percent in the third quarter of 2016, 37.0 percent in the third quarter of 2015 and 35.7 percent in the third quarter of 2014.

The projected expenditure to year-end is expected to reach \$3.681 billion or 69.8 percent of the total 2017 Approved Capital Budget. 14 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 68.3 percent while Rate Supported Programs project spending rate of 75.4 percent by year-end.

Figure 1 below compares the actual year-end spending rate from 2012 to 2016 average with the projected year-end spending rate for 2017.

Figure 1: 2012 - 2017 Capital Spending Rate

(See Figure 1 titled 2012 - 2017 Capital Spending Rate
in the Summary Section of the report dated November 20, 2017
from the Acting Chief Financial Officer)

The 2017 Capital Budget of \$5.273 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 \$1.565 billion. As a result of increased Capital Budgets, the spending as a percentage of the Budget is proportionally lower.

The projected year-end spending rates are based on the submissions from the City Operation Divisions and Agencies, and as such, we have accordingly relied on the advice in preparing this report. 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 \$3.681 billion by the end of 2017. While the projected year-end spending rate of 69.8 percent for 2017 is consistent with the year-end spending rate projected at Q3 in prior years, it is higher compared to actual year-end spending rate of 60.2 percent for 2016 and 68.3 percent for 2015 as well as past five years' average spending rate of 62.4 percent.

Background Information

(November 20, 2017) Report from the Acting Chief Financial Officer on Capital Variance Report for the Nine Month Period Ended September 30, 2017

<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-109255.pdf>

Appendices 1-4

<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-109258.pdf>

Appendix 5 - Capital Dashboard for Programs/Agencies

<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-109259.pdf>

(November 13, 2017) Report from the Acting Chief Financial Officer on Capital Variance Report for the Nine Month Period Ended September 30, 2017 - Notice of Pending Report

<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-108953.pdf>